

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>P. W. Jaraman</i>	Printed Name		License Number	

**CASCADE
CHARTER TOWNSHIP
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended December 31, 2005

CASCADE CHARTER TOWNSHIP
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For the year ended December 31, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

March 22, 2006

The Township Board
Cascade Charter Township
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township (the "Township") as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township as of December 31, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Cascade Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Martin, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2005

As management of the Cascade Charter Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets increased by \$1,931,088 (or 11.0%).
- Total expenses of the Township's programs were \$7,805,280.
- Total revenues, including all program and general revenues, were \$9,736,368.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$10,335,545, a decrease of \$384,431 from the prior year.
- At the end of the current year, unreserved undesignated fund balance for the General Fund was \$2,822,922, or 75 percent of total General Fund expenditures.
- Total debt of the Township decreased by \$239,646 (2 percent) during the current year.
- Cascade Library Learning Center capital improvements totaling \$1.6 million were completed during 2005, funded by Township and private contributions.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the Township:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *Government-wide financial statements* that provide both short-term and long-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Township, reporting the Township's operations in more detail than the Government-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as township administration, public safety, library, parks and pathways, etc. were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2005

Government-wide Statements

The Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the Township's net assets, and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Township's overall health, one should consider additional non-financial factors such as changes in the Township's property tax-base and the condition of township buildings and other facilities.

In the Government-wide financial statements, the Township's activities are presented as follows:

- *Governmental activities:* The Township's basic services are included here, such as general government, public safety, public works, recreation and cultural and other services. State revenue sharing and property taxes finance most of these activities.

Government-Wide Financial Statements

The Statement of Net Assets provides financial information on the Township as a whole.

	<u>2005</u>	<u>2004</u>
Assets		
Current assets	\$ 18,105,206	\$ 17,649,299
Capital assets	20,091,062	17,908,087
Less accumulated depreciation	<u>(3,446,951)</u>	<u>(2,876,466)</u>
Capital assets, net book value	<u>16,644,111</u>	<u>15,031,621</u>
Total Assets	<u>34,749,317</u>	<u>32,680,920</u>
Liabilities		
Current liabilities	6,307,549	5,914,307
Long-term liabilities	<u>11,366,079</u>	<u>11,622,012</u>
Total Liabilities	<u>17,673,268</u>	<u>17,536,319</u>
Net Assets		
Invested in capital assets, net of related debt	4,117,349	2,318,659
Restricted	653,109	403,349
Unrestricted	<u>12,305,231</u>	<u>12,422,593</u>
Total Net Assets	<u>\$ 17,075,689</u>	<u>\$ 15,144,601</u>

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2005

The Statement of Activities presents changes in net assets from operating results:

	<u>2005</u>	<u>2004</u>
Program Revenues		
Charges for services	\$ 2,545,206	\$ 2,126,847
Operating grant	19,296	—
General Revenues		
Property taxes	5,012,151	4,062,719
State/intergovernmental revenue	1,111,701	1,116,885
Interest earnings	599,345	329,746
Other	448,669	105,317
Total Revenues	<u>9,736,368</u>	<u>7,741,514</u>
Expenses		
General government	1,503,176	1,617,276
Public safety	3,350,276	2,966,521
Public works	1,347,151	333,282
Recreational and cultural	670,751	693,937
Other township	409,326	603,743
Interest on long-term debt	524,600	535,164
Total Expenses	<u>7,805,280</u>	<u>6,749,923</u>
Increase in net assets	1,931,088	991,591
Net Assets - Beginning of Year	<u>15,144,601</u>	<u>14,153,010</u>
Net Assets - End of Year	<u><u>\$ 17,075,689</u></u>	<u><u>\$ 15,144,601</u></u>

Financial Analysis of the Township as a Whole

The Township's financial position is the product of many factors. Growth during the year in property tax base, a fire millage rate increase and special assessment user fees were significant contributors to revenue increases. A reduction in state revenue sharing reduced anticipated state shared revenues. Total net assets increased by \$1,931,088 during the year due to these revenue factors and close budgetary control of Township expenses.

Property taxes accounted for most of the Township's revenue, contributing about 52 cents of every dollar raised; licenses, permits, connection charges and other user fees accounted for 26 percent of revenues; another 11 percent came from state and other intergovernmental sources; 6 percent came from interest earnings during the year and the remainder from contributions, reimbursements and other sources.

The Township's expenses were predominantly related to public safety (43 percent); general government administration (19 percent); and public works (17 percent). Interest on long-term debt totaled 7 percent of expenses for the year.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2005

Financial Analysis of the Township's Funds

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs.

The Township utilizes two kinds of funds:

- *Governmental funds:* Most of the Township's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the Township-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The Township is the trustee, or fiduciary, for assets that belong to others, such as property taxes. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and/or paid to those to whom the assets belong. The Township excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The Township uses funds to record and analyze financial information. Cascade Charter Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$3,743,702, total expenditures of \$2,878,602, and transfers to other funds of \$905,276. It ended the fiscal year with a fund balance of \$2,822,922, down from \$2,863,098 at December 31, 2004.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$1,685,029, loan proceeds of \$258,825, total expenditures of \$2,072,769, including transfers for debt service, and transfers from the General Fund of \$400,000. It ended the year with a fund balance of \$701,254, up from \$430,169 at December 31, 2004.

The *Police Fund* levies property taxes for law enforcement purposes. The Fund had total revenues of \$632,878 and total expenditures of \$610,665. It ended the year with a fund balance of \$1,193,167, up from \$1,170,954 at December 31, 2004.

The *Improvement Revolving Fund* collects connection fees for sewer and water hookups to be used for the construction of extensions to the utility systems benefitting Township residents. The Fund had total revenues of \$698,047, total expenditures of \$1,187,024 and net transfers out for debt service of \$17,778. It ended the year with a fund balance of \$2,139,661, down from \$2,646,416 at December 31, 2004.

The *Library Fund* levies property taxes for library building operations and capital improvements. The Fund does not pay for library personnel labor costs. The Fund had total revenues of \$562,018, total expenditures of \$164,675 and transfers out for debt service and capital outlay of \$1,522,206. It ended the year with a fund balance of \$1,276,001, down from \$2,400,864 at December 31, 2004.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2005

The *Pathways Fund* levies property taxes for pathway maintenance, construction, improvements and debt service, and also issues bonds for capital improvements. The Fund had total revenues of \$516,830, bond proceeds of \$560,000, and total expenditures of \$486,916. It ended the year with a fund balance of \$721,863, up from \$131,949 at December 31, 2004.

The *Inspections Fund* collects inspection (building, mechanical, electrical, plumbing) permits from Cascade and other township residents to be used for maintaining the operations of the Inspections Department. The Fund had total revenues of \$1,036,912 and total expenditures of \$930,925. It ended the year with a fund balance of \$478,665, up from \$372,678 at December 31, 2004.

The *Library Construction Fund* collects private donations and other fund's contributions for use in the construction of the Library Learning Center. The Fund had total revenues of \$269,981, operating transfers in of \$1,513,000 and total expenditures of \$1,617,198. It ended the year with a fund balance of \$165,783.

Nonmajor Funds

The *Dam Major Repair Fund* collects interest, rentals and General Fund contributions for use in major repairs to the Cascade Dam. Total revenues were \$ 7,116, transfers in were \$20,000 and expenditures were zero. It ended the year with a fund balance of \$271,924, up from \$244,808 at December 31, 2004.

The *HAZMAT Fund* collects contributions from surrounding governmental units to be used for hazardous waste clean-up. Total revenues were \$13,005 and expenditures totaled \$2,529. It ended the year with a fund balance of \$38,361, up from \$27,885 at December 31, 2004.

The *Open Space Preservation Capital Projects Fund* collects contributions and transfers from the General Fund to fund future projects. It ended the year with a fund balance of \$373,630, up from \$274,261 at December 31, 2004.

The Township operates three *Debt Service Funds* which collect special assessments and transfers from other Township Funds to be used for bond principal retirement and interest payments. Total revenues were \$11,104, total expenditures were \$577,971 and transfers in from other funds were \$556,965. The ending fund balances totaled \$105,485, down from \$115,387 at December 31, 2004.

The *Cemetery Perpetual Care Fund* collects cemetery burial fees to be used for future improvements to Township cemeteries. Total revenues and operating transfers in were \$6,877 and total expenditures were \$1,555. It ended the year with a fund balance of \$46,829, up from \$41,507 at December 31, 2004.

The *Trust Account* and *Tax Account Funds* are operated as Agency Funds of the Township. The assets of these funds are being held for the future payment to the governmental units and businesses and individuals entitled to the monies. Balances on hand at December 31, 2005 totaled \$238,104 in the Trust Account and \$6,289,182 in the Tax Account.

General Fund Budgetary Highlights

Over the course of the year, the Township revised the annual operating budget numerous times to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units.

CASCADE CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2005

Capital Asset and Debt Administration

Capital Assets

By the end of 2005, the Township had a \$20,091,062 investment in a broad range of capital assets, including land, land improvements, buildings and improvements, vehicles and furniture and equipment. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

Capital asset purchases totaled \$2,214,975 for the fiscal year with accumulated depreciation increasing \$590,964. The net book value of capital assets at December 31, 2005 is detailed as follows:

Land	\$ 3,918,895
Construction in progress	1,617,198
Land improvements	5,245,617
Buildings and improvements	4,559,138
Furniture and equipment	353,612
Vehicles	<u>949,651</u>
Net Capital Assets	<u>\$ 16,644,111</u>

Long-Term Debt

At year end, the Township had \$12,445,133 in bonds (general obligation and special assessment), notes, installment purchase agreements and unused vacation pay – prior year debt balances were reduced by payments of \$1,111,315 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2006 anticipates a reduction in year end fund balance of \$345,069. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jay Cravens, Township Manager, Cascade Charter Township, 2865 Thornhills SE, Grand Rapids, MI, 49546-7192.

BASIC FINANCIAL STATEMENTS

CASCADE CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2005

	Primary Governmental Activities	Component Unit
Assets		
Current Assets		
Cash equivalents, deposits and investments (Note B)	\$ 10,515,840	\$ 680,901
Receivables:		
Taxes (Note C)	4,712,799	406,878
Accounts	56,087	-
Special assessments (Note F)	2,650,929	-
Due from other governmental units	169,484	-
Prepaid expenses	67	-
Total Current Assets	<u>18,105,206</u>	<u>1,087,779</u>
Noncurrent Assets		
Capital assets (Note E)	20,091,062	2,594,272
Less accumulated depreciation	(3,446,951)	(659,800)
Total Noncurrent Assets	<u>16,644,111</u>	<u>1,934,472</u>
Total Assets	<u>34,749,317</u>	<u>3,022,251</u>
Liabilities		
Current Liabilities		
Accounts payable	350,493	75,564
Due to other governmental units	57,767	-
Accrued interest payable	107,436	10,044
Deferred revenue (Note F)	4,712,799	406,878
Current portion of noncurrent liabilities (Note G)	1,079,054	55,000
Total Current Liabilities	<u>6,307,549</u>	<u>547,486</u>
Noncurrent Liabilities (Note G)		
General obligation bonds payable	4,030,000	-
Building authority bonds payable	4,120,000	-
Special assessment bonds payable	170,000	-
Municipal purchase notes payable	3,755,000	-
Tax increment financing authority bonds payable	-	1,195,000
Installment purchase agreements payable	348,805	-
Accumulated vacation pay	21,328	-
Current portion of noncurrent liabilities (Note G)	(1,079,054)	(55,000)
Total Noncurrent Liabilities	<u>11,366,079</u>	<u>1,140,000</u>
Total Liabilities	<u>17,673,628</u>	<u>1,687,486</u>
Net Assets		
Invested in capital assets, net of related debt	4,117,349	729,428
Restricted for:		
Debt service	113,696	-
Capital projects	539,413	-
Unrestricted	12,305,231	605,337
Total Net Assets	<u>\$ 17,075,689</u>	<u>\$ 1,334,765</u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Statement of Activities
For the year ended December 31, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants	Primary Government	Component Unit
Primary Government					
Governmental activities:					
General government	\$ 1,503,176	\$ 173,486	\$ -	\$ (1,329,690)	\$ -
Public safety	3,350,276	1,242,815	19,296	(2,088,165)	-
Public works	1,347,151	1,128,905	-	(218,246)	-
Recreational and cultural	670,751	-	-	(670,751)	-
Other township	409,326	-	-	(409,326)	-
Interest on long-term debt	524,600	-	-	(524,600)	-
Total Primary Government	\$ 7,805,280	\$ 2,545,206	\$ 19,296	(5,240,778)	-
Component Unit					
Downtown Development Authority	<u>\$ 235,932</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(235,932)</u>
General revenues:					
Property taxes levied for:					
General operations				1,827,362	-
Fire				1,623,046	-
Police				588,967	-
Library				480,021	-
Pathways				492,755	-
Downtown development authority				-	529,336
State revenue sharing				1,091,401	-
Intergovernmental revenues				20,300	-
Interest and investment earnings				599,345	20,277
Other				460,189	-
Gain (loss) on sale of capital assets				(11,520)	-
Total General Revenues				<u>7,171,866</u>	<u>549,613</u>
Change in Net Assets				1,931,088	313,681
Net Assets - Beginning of Year				<u>15,144,601</u>	<u>1,021,084</u>
Net Assets - End of Year				<u>\$ 17,075,689</u>	<u>\$ 1,334,765</u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Balance Sheet
Governmental Funds
December 31, 2005

	General	Fire	Police	Special Improvement Revolving
Assets				
Cash equivalents, deposits and investments (Note B)	\$ 2,656,573	\$ 724,365	\$ 1,234,431	\$ 2,135,926
Receivables:				
Taxes (Note C)	1,361,696	1,709,522	619,075	-
Accounts	7,698	-	-	6,895
Special assessments (Note F)	-	-	-	2,635,912
Due from other funds (Note D)	48,831	-	3,549	4,400
Due from other governmental units	169,484	-	-	-
Prepaid expenditures	-	67	-	-
Total Assets	<u><u>\$ 4,244,282</u></u>	<u><u>\$ 2,433,954</u></u>	<u><u>\$ 1,857,055</u></u>	<u><u>\$ 4,783,133</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 59,664	\$ 6,530	\$ -	\$ 7,560
Due to other funds (Note D)	-	16,648	-	-
Due to other governmental units	-	-	44,813	-
Deferred revenue (Note F)	1,361,696	1,709,522	619,075	2,635,912
Total Liabilities	<u><u>1,421,360</u></u>	<u><u>1,732,700</u></u>	<u><u>663,888</u></u>	<u><u>2,643,472</u></u>
Fund Balances				
Reserved for:				
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Unreserved:				
Designated	51,019	-	-	2,139,661
Undesignated, reported in:				
General fund	2,771,903	-	-	-
Special revenue funds	-	701,254	1,193,167	-
Total Fund Balances	<u><u>2,822,922</u></u>	<u><u>701,254</u></u>	<u><u>1,193,167</u></u>	<u><u>2,139,661</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 4,244,282</u></u>	<u><u>\$ 2,433,954</u></u>	<u><u>\$ 1,857,055</u></u>	<u><u>\$ 4,783,133</u></u>

See accompanying notes to basic financial statements.

Revenue			Capital Projects		
Library	Pathways	Inspections	Library Construction	Other Governmental	Total
\$ 1,273,878	\$ 725,483	\$ 491,313	\$ 439,969	\$ 833,902	\$ 10,515,840
504,560	517,946	-	-	-	4,712,799
-	-	-	-	-	14,593
-	-	-	-	15,017	2,650,929
2,893	2,969	-	-	-	62,642
-	-	-	-	-	169,484
-	-	-	-	-	67
<u>\$ 1,781,331</u>	<u>\$ 1,246,398</u>	<u>\$ 491,313</u>	<u>\$ 439,969</u>	<u>\$ 848,919</u>	<u>\$ 18,126,354</u>
\$ 770	\$ -	\$ 1,783	\$ 274,186	\$ -	\$ 350,493
-	-	4,500	-	-	21,148
-	6,589	6,365	-	-	57,767
504,560	517,946	-	-	12,690	7,361,401
<u>505,330</u>	<u>524,535</u>	<u>12,648</u>	<u>274,186</u>	<u>12,690</u>	<u>7,790,809</u>
-	-	-	-	105,485	105,485
-	-	-	165,783	-	165,783
400,000	-	-	-	692,383	3,283,063
-	-	-	-	-	2,771,903
876,001	721,863	478,665	-	38,361	4,009,311
<u>1,276,001</u>	<u>721,863</u>	<u>478,665</u>	<u>165,783</u>	<u>836,229</u>	<u>10,335,545</u>
<u>\$ 1,781,331</u>	<u>\$ 1,246,398</u>	<u>\$ 491,313</u>	<u>\$ 439,969</u>	<u>\$ 848,919</u>	<u>\$ 18,126,354</u>

CASCADE CHARTER TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2005

Total governmental fund balances		\$ 10,335,545
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$20,091,062 and accumulated depreciation is \$3,446,951.		16,644,111
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Special assessments receivable		2,648,602
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (4,030,000)	
Building authority bonds	(4,120,000)	
Special assessment bonds	(170,000)	
Municipal purchase notes	(3,755,000)	
Installment purchase agreements	(348,805)	
Accumulated vacation pay	(21,328)	(12,445,133)
Accrued interest is not included as a liability in governmental funds		(107,436)
Total net assets - governmental activities		<u><u>\$ 17,075,689</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2005

	General	Fire	Police	Special Improvement Revolving
Revenues				
Taxes	\$ 1,827,362	\$ 1,623,046	\$ 588,967	\$ -
Licenses and permits	202,530	-	-	-
State sources	1,091,401	-	-	-
Federal sources	-	19,296	-	-
Intergovernmental sources	-	-	-	-
Charges for services	173,486	-	-	-
Fines and forfeitures	-	3,208	-	-
Interest and rentals	298,728	36,486	43,911	84,757
Other revenue	150,195	2,993	-	613,290
Total Revenues	3,743,702	1,685,029	632,878	698,047
Expenditures				
Current:				
General government	1,426,744	-	-	-
Public safety	144,880	1,955,362	610,665	-
Public works	529,375	-	-	-
Recreational and cultural	188,514	-	-	-
Other township	421,242	-	-	-
Capital outlay	52,624	-	-	817,776
Debt service:				
Principal repayment	76,903	19,866	-	270,000
Interest and fiscal charges	38,320	2,241	-	99,248
Total Expenditures	2,878,602	1,977,469	610,665	1,187,024
Excess (Deficiency) of Revenues Over Expenditures	865,100	(292,440)	22,213	(488,977)
Other Financing Sources (Uses)				
Transfers in	-	400,000	-	-
Bonds issued	-	-	-	-
Loan proceeds	-	258,825	-	-
Transfers out	(905,276)	(95,300)	-	(17,778)
Total Other Financing Sources (Uses)	(905,276)	563,525	-	(17,778)
Net Change in Fund Balances	(40,176)	271,085	22,213	(506,755)
Fund Balances, January 1	2,863,098	430,169	1,170,954	2,646,416
Fund Balances, December 31	\$ 2,822,922	\$ 701,254	\$ 1,193,167	\$ 2,139,661

See accompanying notes to basic financial statements.

Revenue			Capital Projects		
Library	Pathways	Inspections	Library Construction	Other Governmental	Total
\$ 480,021	\$ 492,755	\$ -	\$ -	\$ -	\$ 5,012,151
-	-	1,025,077	-	-	1,227,607
-	-	-	-	-	1,091,401
-	-	-	-	-	19,296
20,300	-	-	-	-	20,300
-	-	-	-	12,000	185,486
-	-	-	-	-	3,208
61,697	24,075	10,729	15,196	23,766	599,345
-	-	1,106	254,785	51,110	1,073,479
562,018	516,830	1,036,912	269,981	86,876	9,232,273
-	-	-	-	1,555	1,428,299
-	-	930,925	-	2,529	3,644,361
-	-	-	-	-	529,375
164,675	41,331	-	-	-	394,520
-	-	-	-	-	421,242
-	-	-	1,617,198	-	2,487,598
-	235,000	-	-	401,000	1,002,769
-	210,585	-	-	176,971	527,365
164,675	486,916	930,925	1,617,198	582,055	10,435,529
397,343	29,914	105,987	(1,347,217)	(495,179)	(1,203,256)
-	-	-	1,513,000	627,560	2,540,560
-	560,000	-	-	-	560,000
-	-	-	-	-	258,825
(1,522,206)	-	-	-	-	(2,540,560)
(1,522,206)	560,000	-	1,513,000	627,560	818,825
(1,124,863)	589,914	105,987	165,783	132,381	(384,431)
2,400,864	131,949	372,678	-	703,848	10,719,976
\$ 1,276,001	\$ 721,863	\$ 478,665	\$ 165,783	\$ 836,229	\$ 10,335,545

CASCADE CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2005

Net change in fund balances - total governmental funds \$ (384,431)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 2,214,975	
Depreciation expense	<u>(590,964)</u>	1,624,011

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (11,520)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:
 Special assessments 515,615

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (818,825)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	270,000	
Repayment of building authority bonds	375,000	
Repayment of special assessment bonds	26,000	
Repayment of municipal purchase notes	290,000	
Repayment of installment purchase agreements	<u>41,769</u>	1,002,769

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. 2,765

In the Statement of Net Assets, accumulated vacation pay is measured by the amount earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$108,548) exceeded the amounts earned (\$107,844). 704

Total changes in net assets - governmental activities \$ 1,931,088

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,761,188	\$ 1,836,488	\$ 1,827,362	\$ (9,126)
Licenses and permits	205,040	194,680	202,530	7,850
State sources	1,074,624	1,101,516	1,091,401	(10,115)
Charges for services	113,702	177,493	173,486	(4,007)
Interest and rentals	147,450	220,540	298,728	78,188
Other revenue	136,458	152,840	150,195	(2,645)
Total Revenues	3,438,462	3,683,557	3,743,702	60,145
Expenditures				
Current:				
General government:				
Township board	30,785	30,785	30,689	96
Supervisor	7,315	7,315	5,150	2,165
Manager	137,747	137,747	139,596	(1,849)
Elections	17,575	10,175	8,940	1,235
Assessor	188,595	178,620	176,353	2,267
Clerk	105,880	105,880	103,602	2,278
Board of review	2,835	2,810	1,625	1,185
General administration	478,655	543,535	479,673	63,862
Treasurer	108,455	108,455	108,391	64
Buildings and grounds	419,738	416,226	345,197	71,029
Cemetery	37,575	30,075	27,528	2,547
Total general government	1,535,155	1,571,623	1,426,744	144,879
Public safety:				
Planning	155,098	155,098	144,880	10,218
Public works:				
Drains	15,500	20,900	17,976	2,924
Highways, streets and bridges	392,500	392,500	348,141	44,359
Street lighting	115,750	115,750	90,745	25,005
Hydrant rental	34,400	36,720	36,720	-
Sanitation services	60,600	60,600	35,793	24,807
Total public works	618,750	626,470	529,375	97,095
Recreation and cultural:				
Parks and recreation	91,202	188,967	186,805	2,162
Historical	950	1,960	1,709	251
Total recreation and cultural	92,152	190,927	188,514	2,413
Other township	433,683	455,793	421,242	34,551
Capital outlay	230,000	56,900	52,624	4,276

(Continued)

CASCADE CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Debt service:				
Principal repayment	\$ 72,792	\$ 76,912	\$ 76,903	\$ 9
Interest and fiscal charges	38,582	38,322	38,320	2
	<u>111,374</u>	<u>115,234</u>	<u>115,223</u>	<u>11</u>
Total Expenditures	<u>3,176,212</u>	<u>3,172,045</u>	<u>2,878,602</u>	<u>293,443</u>
Excess of Revenues Over Expenditures	<u>262,250</u>	<u>511,512</u>	<u>865,100</u>	<u>353,588</u>
Other Financing Sources (Uses)				
Loan proceeds	230,000	-	-	-
Transfers out	(766,232)	(906,232)	(905,276)	956
Total Other Financing Sources (Uses)	<u>(536,232)</u>	<u>(906,232)</u>	<u>(905,276)</u>	<u>956</u>
Net Change in Fund Balances	<u>(273,982)</u>	<u>(394,720)</u>	<u>(40,176)</u>	<u>354,544</u>
Fund Balances, January 1	<u>2,863,098</u>	<u>2,863,098</u>	<u>2,863,098</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 2,589,116</u></u>	<u><u>\$ 2,468,378</u></u>	<u><u>\$ 2,822,922</u></u>	<u><u>\$ 354,544</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance- Positive (Negative)
Revenues			
Taxes	\$ 1,640,096	\$ 1,623,046	\$ (17,050)
Federal sources	19,296	19,296	-
Fines and forfeitures	-	3,208	3,208
Interest and rentals	31,900	36,486	4,586
Other revenue	6,891	2,993	(3,898)
Total Revenues	1,698,183	1,685,029	(13,154)
Expenditures			
Current:			
Public safety	2,098,626	1,955,362	143,264
Debt service:			
Principal repayment	19,866	19,866	-
Interest and fiscal charges	2,242	2,241	1
Total Expenditures	2,120,734	1,977,469	143,265
Excess (Deficiency) of Revenues Over Expenditures	(422,551)	(292,440)	130,111
Other Financing Sources (Uses)			
Transfers in	400,000	400,000	-
Loan proceeds	258,825	258,825	-
Transfers out	(95,302)	(95,300)	2
Total Other Financing Sources (Uses)	563,523	563,525	2
Net Change in Fund Balances	140,972	271,085	130,113
Fund Balances, January 1	430,169	430,169	-
Fund Balances, December 31	\$ 571,141	\$ 701,254	\$ 130,113

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 584,953	\$ 588,967	\$ 4,014
Interest and rentals	40,429	43,911	3,482
Total Revenues	<u>625,382</u>	<u>632,878</u>	<u>7,496</u>
Expenditures			
Current:			
Public safety:			
Law enforcement	611,623	610,665	958
Net Change in Fund Balances	<u>13,759</u>	<u>22,213</u>	<u>8,454</u>
Fund Balances, January 1	<u>1,170,954</u>	<u>1,170,954</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,184,713</u></u>	<u><u>\$ 1,193,167</u></u>	<u><u>\$ 8,454</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest and rentals	\$ 71,068	\$ 84,757	\$ 13,689
Other revenue	665,258	613,290	(51,968)
Total Revenues	<u>736,326</u>	<u>698,047</u>	<u>(38,279)</u>
Expenditures			
Capital outlay	980,624	817,776	162,848
Debt service:			
Principal repayment	270,000	270,000	-
Interest and fiscal charges	99,248	99,248	-
Total debt service	<u>369,248</u>	<u>369,248</u>	<u>-</u>
Total Expenditures	<u>1,349,872</u>	<u>1,187,024</u>	<u>162,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(613,546)</u>	<u>(488,977)</u>	<u>124,569</u>
Other Financing Sources (Uses)			
Transfers out	<u>(17,778)</u>	<u>(17,778)</u>	<u>-</u>
Net Change in Fund Balances	<u>(631,324)</u>	<u>(506,755)</u>	<u>124,569</u>
Fund Balances, January 1	<u>2,646,416</u>	<u>2,646,416</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 2,015,092</u></u>	<u><u>\$ 2,139,661</u></u>	<u><u>\$ 124,569</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 476,881	\$ 480,021	\$ 3,140
Intergovernmental sources	20,300	20,300	-
Interest and rentals	59,000	61,697	2,697
Total Revenues	<u>556,181</u>	<u>562,018</u>	<u>5,837</u>
Expenditures			
Current:			
Recreation and cultural:			
Library	<u>182,674</u>	<u>164,675</u>	<u>17,999</u>
Excess of Revenues Over Expenditures	<u>373,507</u>	<u>397,343</u>	<u>23,836</u>
Other Financing Sources (Uses)			
Transfers out	<u>(1,522,206)</u>	<u>(1,522,206)</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,148,699)</u>	<u>(1,124,863)</u>	<u>23,836</u>
Fund Balances, January 1	<u>2,400,864</u>	<u>2,400,864</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,252,165</u></u>	<u><u>\$ 1,276,001</u></u>	<u><u>\$ 23,836</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Pathways Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Property taxes	\$ 489,407	\$ 492,755	\$ 3,348
Interest and rentals	18,438	24,075	5,637
Total Revenues	<u>507,845</u>	<u>516,830</u>	<u>8,985</u>
Expenditures			
Current:			
Recreation and cultural:			
Parks and recreation	57,673	41,331	16,342
Debt service:			
Principal repayment	235,000	235,000	-
Interest and fiscal charges	210,587	210,585	2
Total debt service	<u>445,587</u>	<u>445,585</u>	<u>2</u>
Total Expenditures	<u>503,260</u>	<u>486,916</u>	<u>16,344</u>
Excess of Revenues Over Expenditures	<u>4,585</u>	<u>29,914</u>	<u>25,329</u>
Other Financing Sources			
Transfers in	<u>560,000</u>	<u>560,000</u>	<u>-</u>
Net Change in Fund Balances	<u>564,585</u>	<u>589,914</u>	<u>25,329</u>
Fund Balances, January 1	<u>131,949</u>	<u>131,949</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 696,534</u></u>	<u><u>\$ 721,863</u></u>	<u><u>\$ 25,329</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Licenses and permits	\$ 989,747	\$ 1,025,077	\$ 35,330
Interest and rentals	6,948	10,729	3,781
Other revenue	650	1,106	456
Total Revenues	<u>997,345</u>	<u>1,036,912</u>	<u>39,567</u>
Expenditures			
Current:			
Public safety	<u>933,865</u>	<u>930,925</u>	<u>2,940</u>
Net Change in Fund Balances	<u>63,480</u>	<u>105,987</u>	<u>42,507</u>
Fund Balances, January 1	<u>372,678</u>	<u>372,678</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 436,158</u></u>	<u><u>\$ 478,665</u></u>	<u><u>\$ 42,507</u></u>

See accompanying notes to basic financial statements.

CASCADE CHARTER TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2005

	<u>Agency Funds</u>
Assets	
Cash equivalents, deposits and investments (Note B)	<u>\$ 6,527,286</u>
Liabilities	
Due to other funds (Note D)	\$ 41,494
Due to other governmental units	6,247,688
Escrow deposits	<u>238,104</u>
Total Liabilities	<u>\$ 6,527,286</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Note A – Summary of Significant Accounting Policies

Cascade Charter Township was organized as a general law township under applicable laws of the State of Michigan and was incorporated as a charter township on May 16, 1980 under provisions of Act 359, Public Acts of 1947, as amended by the Public Acts of 1976. The Township is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and four Trustees. The Township is administered by a Manager appointed by the aforementioned Board. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire, inspection), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

The financial statements of Cascade Charter Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

1. Reporting Entity

The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable.

The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships to the Township.

Cascade Charter Township Building Authority
Cascade Charter Township Downtown Development Authority

Blended Component Units

Entities whose governing bodies are substantially the same as the governing body of the primary government, or those which provide services entirely, or virtually entirely, for the benefit of the primary government, are disclosed as blended component units.

The *Cascade Charter Township Building Authority* is blended in the Debt Service Funds because its sole purpose is to finance and construct the Township’s public buildings. Separate financial statements are not prepared for the Building Authority.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Cascade Charter Township remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Cascade Charter Township is such that exclusion of these entities would render the financial statements misleading or incomplete.

The *Cascade Charter Township Downtown Development Authority* is responsible for the improvement and ongoing maintenance and debt service of the Downtown Development Improvement District. Separate financial statements are not prepared for the Downtown Development Authority.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township Fire Department.

The *Police Special Revenue Fund* accounts for property tax revenues levied to maintain law enforcement activities in the Township.

The *Improvement Revolving Special Revenue Fund* accounts for special assessments and fees used to construct and improve the sewer sanitation and water supply systems in the Township.

The *Library Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township library.

The *Pathways Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township pedestrian pathways system.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

The *Inspections Special Revenue Fund* accounts for permit fees collected to maintain the operations of the Township inspections department.

The *Library Construction Capital Projects Fund* accounts for private and General Fund contributions for use in the construction of the Library Learning Center.

Additionally, the Township reports the following non-major fund types:

The *Cascade Dam Major Repair Fund* accounts for rental fees and General Fund contributions collected to be used for major repairs or renovations to the Cascade Dam.

The *HAZMAT Special Revenue Fund* accounts for intergovernmental fees to be used for the disposal of hazardous materials.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes levied for the subsequent fiscal year are presented as deferred revenue at fiscal year end.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Township Manager, the various department heads, Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in September, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund and Special Revenue Funds.
- Prior to January 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budgets as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Accumulated Vacation Pay

Accumulated vacation pay at December 31, 2005 has been computed and recorded in the financial statements of the Township. At present, each Township employee may accumulate all unused vacation days and be reimbursed at their current salary rate for total days accumulated upon termination or retirement. At December 31, 2005, the accumulated liability (expected to be financed by General Fund and Fire and Inspections Special Revenue Funds revenues) amounted to \$21,328.

9. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

12. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Balances at December 31, 2005 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per Statement of Net Assets:	
Primary government	\$ 10,515,840
Component unit	680,901

Cash equivalents, deposits and investments of Fiduciary Funds:	
Primary government:	
Agency	<u>6,527,286</u>
	<u>\$ 17,724,027</u>

Cash Equivalents and Deposits

Cash equivalents consist of bank public funds checking, savings and money market accounts. Deposits consist of certificates of deposit.

Depositories actively used by the Township during the year are detailed as follows:

1. National City Bank of the Midwest
2. The Huntington National Bank
3. Lasalle Bank Midwest N.A.
4. Fifth Third Bank
5. Mercantile Bank of Michigan
6. Chemical Bank West

December 31, 2005 balances are detailed as follows:

Cash equivalents	\$ 8,774,094
Deposits	<u>774,841</u>
	<u>\$ 9,548,935</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$9,548,935 and the bank balance was \$9,723,288. Of the bank balance, \$600,000 was covered by federal depository insurance and \$9,123,288 was uninsured and uncollateralized.

Investments

Investments consist of surplus funds investment pools and U.S. Government Agency Securities.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

As of December 31, 2005 the Township and its component unit had the following investments in their portfolio:

	Fair Value	
	Primary Government	Component Unit
Investment Pool Accounts: Kent County	\$ 5,194,491	\$ 680,901
U.S. Government Agency Securities: Federal Home Loan Bank (FHLB)	2,299,700	—
	<u>\$ 7,494,191</u>	<u>\$ 680,901</u>

The Weighted Average Maturity (in years) for the FHLB securities was 1.1704.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. All security transactions, including collateral for repurchase agreements entered into by the Township, shall be conducted on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

Credit Risk

The Township's investments in the surplus funds investment pools and U.S. Agency Securities were unrated.

Interest Rate Risk

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements. Unless matched to a specific cash flow, the Township will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as possible with the expected use of the funds.

Concentration of Credit Risk

The Township minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, through its diversification policy which states the objective of the Township is to protect principal by diversifying its cash management portfolio to the extent practical and within sound business practices. With the exception of U.S. Treasury Securities and authorized pools, no more than fifty percent of the Township's total investment portfolio will be invested in a single security type or with a single financial institution. More than 5 percent of the Township's investments are in Federal Home Loan Bank securities (31%).

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Note C – General Property Taxes

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes are payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the calendar year for which taxes have been levied. For the 2005 calendar year, the 2004 Township property tax levies are recognized in the amounts collected. As the 2005 property tax roll was levied for 2005 operations, Township taxes that become due December 1, 2005 have not been included as revenue for the year ended December 31, 2005. Instead, the uncollected portion of the 2005 Township tax roll at December 31, 2005 is reported in the General, Police, Fire, Library and Pathways Funds as taxes receivable, with total 2005 Township levies reported as deferred revenue.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Kent Intermediate School District, Grand Rapids Community College, Caledonia Community Schools, Forest Hills Public Schools and Lowell Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund. Taxes collected in December, 2005 on the 2005 tax roll are shown as amounts due to other governmental units in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levies were reduced to .9716 mills for 2005 general operations. The Township also levied 1.3152 mills for fire protection, .4763 mills for police protection, .3882 mills for library services and .3985 mills for pathways, as previously approved by Township electors and reduced by the effect of the Headlee Amendment.

The Township also levies street lighting and hydrant rental assessments on benefiting real property in the Township.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2004	2003	2002	2001
Township taxes levied	\$4,288,108	\$3,975,585	\$3,407,148	\$3,228,050
Taxes collected:				
Current to March 1	4,107,451	3,822,057	3,284,624	3,099,001
Total to December 31, 2005	4,266,599	3,958,997	3,398,997	3,222,895
Percentages of collections:				
Current to March 1	95.79%	96.14%	96.40%	96.00%
Total to December 31, 2005	99.50%	99.58%	99.76%	99.84%

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2005 valuations in the following summary:

Year	Real	Personal	Total
2005	\$1,199,158,252	\$126,199,908	\$1,325,358,160
2004	1,118,866,865	127,329,203	1,246,196,068
2003	1,061,911,828	130,160,600	1,192,072,428
2002	1,011,639,610	135,639,100	1,147,278,710
2001	955,669,815	131,302,300	1,086,972,115
2000	892,195,449	131,854,979	1,024,050,428
1999	836,089,119	134,908,873	970,997,992
1998	791,675,035	109,630,700	901,305,735
1997	735,840,066	99,440,840	835,280,906
1996	683,181,906	94,172,800	777,354,706

The State Equalized Valuations do not include valuation of certain facilities which are exempt under Act 198, Public Acts 1974 or Act 255, Public Acts 1978. These Acts are designed to provide stimulus in the form of significant tax incentives to industrial and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan. Under the provisions of the Acts, a local governmental unit (city, village or township) in which the total property tax levy is at least 30 mills or in which a city income tax is levied may establish rehabilitation districts and industrial development districts to encourage restoration or replacement of obsolete facilities and to attract new plants to the area.

An Industrial (Act 198) or Commercial Act (Act 255) Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. The tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem property tax, the important difference being that the state equalized valuation of the property remains at the level assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increases the true cash value of the facility. For a new facility being built in a rehabilitation or a development district, the tax is also determined the same as the ad valorem property tax but instead of using the total mills levied as ad valorem taxes, only half the millage rate is applied. The amount of the resulting tax thus is equal to 50% of the property tax which otherwise would be payable. The 2005 valuation of these certificates is compared with prior years in the following exhibit.

Year	Real	Personal	Total
2005	\$19,622,600	\$27,189,500	\$48,812,100
2004	27,308,598	28,283,200	55,591,798
2003	25,266,200	27,428,800	52,695,000
2002	26,448,122	30,987,200	57,435,322
2001	26,324,071	33,995,800	60,319,871
2000	25,798,120	31,576,300	57,374,420
1999	23,842,608	20,994,200	44,836,808
1998	16,614,047	17,010,200	33,624,247
1997	22,493,922	19,866,200	42,360,122
1996	20,693,461	19,415,200	40,108,661

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Note D – Due From (To) Other Funds/Transfers In (Out)

Amounts due from (to) other funds representing 2005 interest earnings in the Tax Account Agency Fund and property tax allocation corrections due at December 31, 2005 are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Special Revenue Fund:		
Inspections Fund	\$ 100	\$ –
Fire Fund	7,237	–
Agency Fund:		
Tax Account Agency Fund	41,494	–
	<hr/> 48,831	–
Special Revenue Funds:		
Fire Fund:		
General Fund	–	7,237
Police Fund	–	3,549
Library Fund	–	2,893
Pathways Fund	–	2,969
Police Fund:		
Fire Fund	3,549	–
Library Fund:		
Fire Fund	2,893	–
Pathways Fund:		
Fire Fund	2,969	–
Improvement Revolving Fund:		
Inspections Fund	4,400	–
Inspections Fund:		
General Fund	–	100
Improvement Revolving Fund	–	4,400
	<hr/> 13,811	21,148
Agency Fund:		
Tax Account Agency Fund:		
General Fund	–	41,494
	<hr/> \$ 62,642	<hr/> \$ 62,642

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Interfund transfers during the year ended December 31, 2005 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund:		
Special Revenue Funds:		
Fire Special Revenue Fund	\$ —	\$ 400,000
Cascade Dam Major Repair Fund	—	20,000
Debt Service Funds:		
Building Authority Fund	—	434,681
Capital Projects Fund:		
Openspace Preservation Fund	—	45,000
Permanent Fund:		
Cemetery Perpetual Care Fund	—	5,595
	<hr/>	<hr/>
Total General Fund	—	905,276
Fire Special Revenue Fund:		
General Fund	400,000	—
Building Authority Debt Service Fund	—	95,300
Improvement Revolving Special Revenue Fund:		
1988-A Debt Service Fund	—	17,778
Library Special Revenue Fund:		
Building Authority Debt Service Fund	—	9,206
Library Construction Capital Projects Fund	—	1,513,000
Library Construction Capital Projects Fund:		
Library Special Revenue Fund	1,513,000	—
	<hr/>	<hr/>
Total Major Funds	1,913,000	2,540,560
	<hr/>	<hr/>
Nonmajor Funds		
Special Revenue Fund:		
Cascade Dam Major Repair Fund:		
General Fund	20,000	—
Debt Service Funds:		
1988-A Fund:		
Improvement Revolving Special Revenue Fund	17,778	—
Building Authority Fund:		
General Fund	434,681	—
Fire Special Revenue Fund	95,300	—
Library Special Revenue Fund	9,206	—
Capital Projects Fund:		
Openspace Preservation Fund:		
General Fund	45,000	—
Permanent Fund:		
Cemetery Perpetual Care Fund:		
General Fund	5,595	—
	<hr/>	<hr/>
Total Nonmajor Funds	627,560	—
	<hr/>	<hr/>
Total All Funds	\$ 2,540,560	\$ 2,540,560
	<hr/>	<hr/>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

The General Fund transfer to the Fire Special Revenue Fund was made to pay the amount budgeted for 2005 to support Township fire expenditures. The General Fund transfer to the Cemetery Perpetual Care fund was made to pay the agreed-upon portion of cemetery fees collected in 2005. The General Fund transfer to Dam Major Repair Fund was made to maintain a previously agreed-on level of fund balance in the Dam Major Repair Fund. The General Fund transfer to the Open Spaces Preservation was made to pay the previously agreed-on annual amount to fund future capital outlays. The Library Special Revenue Fund transferred \$1,513,000 to fund a major portion of the addition to the Cascade Library.

All of the transfers to the Debt Service Funds were made to fund required 2005 principal and interest payments.

Note E – General Fixed Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

	Balances January 1, 2005	Additions	Sales/ Retirements	Balances December 31, 2005
Capital assets not depreciated:				
Land	\$ 3,918,895	\$ –	\$ –	\$ 3,918,895
Construction in progress	–	1,617,198	–	1,617,198
Capital assets being depreciated:				
Land improvements	6,583,852	98,069	–	6,681,921
Buildings and improvements	5,725,680	77,114	–	5,802,794
Furniture and equipment	473,754	50,103	–	523,857
Vehicles	1,205,906	372,491	32,000	1,546,397
Totals at historical cost	<u>17,908,087</u>	<u>\$ 2,214,975</u>	<u>\$ 32,000</u>	<u>20,091,062</u>
Less accumulated depreciation for:				
Land improvements	\$ 1,111,064	\$ 325,240	\$ –	\$ 1,436,304
Buildings and improvements	1,106,829	136,827	–	1,243,656
Furniture and equipment	125,662	44,582	–	170,245
Vehicles	532,911	84,315	20,480	596,746
Total accumulated depreciation	<u>2,876,466</u>	<u>\$ 590,964</u>	<u>\$ 20,480</u>	<u>3,446,951</u>
Net Capital Assets	<u><u>\$ 15,031,621</u></u>			<u><u>\$ 16,644,111</u></u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 74,877
Public safety	107,270
Recreational and cultural	408,817
	<u><u>\$ 590,964</u></u>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Discretely Presented Component Unit

Capital asset activity for the Downtown Development Authority (DDA) for the year ended December 31, 2005 was as follows:

	<u>Balances</u> <u>January 1, 2005</u>	<u>Additions</u>	<u>Sales/</u> <u>Retirements</u>	<u>Balances</u> <u>December 31, 2005</u>
Capital assets not depreciated:				
Land	\$ –	\$ 59,336	\$ –	\$ 59,366
Capital assets being depreciated:				
Land improvements	<u>2,403,000</u>	<u>131,906</u>	<u> –</u>	<u>2,534,906</u>
Totals at historical cost	<u>2,403,000</u>	<u>191,272</u>	<u> –</u>	<u>2,594,272</u>
Less accumulated depreciation	<u>563,680</u>	<u>\$ 96,120</u>	<u>\$ –</u>	<u>659,800</u>
Net DDA Capital Assets	<u>\$ 1,839,320</u>			<u>\$ 1,934,472</u>

Note F – Deferred Revenue/Special Assessments Receivable

Deferred revenue of the General and Fire, Police, Library and Pathways Special Revenue Funds represents 2005 property tax levies that became due December 1, 2005, and are levied for 2005 operations.

Deferred revenue of the Improvement Revolving Special Revenue and Debt Service Funds represents the uncollected balances of special assessment rolls levied on benefiting water and sewer customers in the Township. As these special assessments are collected, they are recognized as revenues and credited at that time to fund balances.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Note G –Long-Term Debt

Amounts available and to be provided for long-term debt at December 31, 2005 are summarized as follows:

	Bond Issues	Municipal Purchase Notes	Installment Purchase Agreements	Accumulated Vacation Pay	Total
<u>Primary Government</u>					
Amounts Available For Retirement Of General Long-Term Debt					
Debt Service Funds	\$ 105,485	\$ —	\$ —	\$ —	\$ 105,485
Amounts To Be Provided For Retirement Of General Long-Term Debt					
General Fund	1,610,022	770,000	69,024	21,328	2,470,374
Special Revenue Funds:					
Fire Fund	785,547	—	279,781	—	1,065,328
Improvement Revolving Fund	2,500,000	—	—	—	2,500,000
Library Fund	1,724,431	—	—	—	1,724,431
Pathways Fund	1,530,000	2,985,000	—	—	4,515,000
Debt Service Funds	64,515	—	—	—	64,515
Total Primary Government	8,320,000	3,755,000	348,805	21,328	12,445,133
<u>Discretely Presented Component Unit</u>					
Amounts To Be Provided For Retirement Of General Long-Term Debt					
Downtown Development Authority	1,195,000	—	—	—	1,195,000
Total Amounts Available and To Be Provided	\$9,515,000	\$3,755,000	\$ 348,805	\$ 21,328	\$13,640,133

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Changes in long-term debt for the year ended December 31, 2005 are summarized as follows:

	Debt Outstanding January 1, 2005	Debt Added	Debt Retired	Debt Outstanding December 31, 2005
<u>Primary Government</u>				
Bond Issues				
General obligation:				
March 19, 1996	\$ 250,000	\$ —	\$ 60,000	\$ 190,000
September 26, 2002	970,000	—	—	970,000
September 26, 2002	865,000	—	60,000	805,000
November 19, 2002	1,655,000	—	150,000	1,505,000
January 12, 2005	—	560,000	—	560,000
Building authority:				
May 1, 1994	305,000	—	20,000	285,000
February 1, 1997	530,000	—	65,000	465,000
February 5, 2003 (General)	934,030	—	74,008	860,022
February 5, 2003 (Fire)	853,146	—	67,599	785,547
February 5, 2003 (Library)	1,872,824	—	148,393	1,724,431
Special assessment:				
July 1, 1988	57,000	—	15,000	42,000
July 1, 1995	139,000	—	11,000	128,000
Municipal Purchase Notes				
Pedestrian pathways:				
November 1, 1999	1,210,000	—	95,000	1,115,000
November 14, 2000	1,195,000	—	85,000	1,110,000
March 6, 2002 (Pathways)	815,000	—	55,000	760,000
Leslie E. Tassell Park:				
March 6, 2002 (General)	825,000	—	55,000	770,000
Installment Purchase Agreements				
Vehicles:				
April 20, 2001	40,821	—	19,865	20,956
December 22, 2004	63,900	—	15,392	48,508
December 22, 2004	27,026	—	6,510	20,516
December 29, 2005	—	258,825	—	258,825
Accumulated Vacation Pay	22,032	107,844	108,548	21,328
Total Primary Government	12,629,779	926,669	1,111,315	12,445,133
<u>Discretely Presented Component Unit</u>				
Bond Issues				
Tax increment financing authority:				
December 1, 2000	1,250,000	—	55,000	1,195,000
Total Long-Term Debt	\$ 13,879,779	\$ 926,669	\$ 1,166,315	\$ 13,640,133

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Long-term bonds, notes and installment purchase agreements at December 31, 2005 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
Primary Government				
General Obligation Bonds				
\$650M 1996 Refunding:				
Annual maturities of \$60M to \$65M	Dec. 1, 2008	4.80	\$ 190,000	\$ 60,000
\$970M 2002 Pathways Improvement:				
Annual maturities of \$5M to \$290M	Nov. 1, 2017	3.20 - 4.20	970,000	—
\$955M 2002 Water & Sewer Improvement:				
Annual maturities of \$70M to \$80M	Nov. 1, 2017	2.50 - 4.20	805,000	70,000
\$1,935M 2002 Refunding:				
Annual maturities of \$145M to \$190M	Dec. 1, 2014	3.00 - 4.00	1,505,000	145,000
\$560M 2005 Pathways Improvement:				
Annual maturities of \$15M to \$60M	Nov. 1, 2017	2.08 - 4.10	560,000	15,000
Building Authority Bonds				
\$465M 1994 Real Property Acquisition:				
Annual maturities of \$20M to \$40M	May 1, 2014	6.00 - 6.25	285,000	25,000
\$950M 1997 Township Hall Remodeling:				
Annual maturities of \$70M to \$85M	Dec. 1, 2011	4.85 - 5.25	465,000	70,000
\$1,060M 2003 Township Capital Outlay Refunding:				
Annual maturities of \$24M to \$108M	Aug. 1, 2016	2.50 - 4.00	860,022	76,560
\$969M 2003 Fire Station Refunding:				
Annual maturities of \$22M to \$99M	Aug. 1, 2016	2.50 - 4.00	785,547	69,930
\$2,126M 2003 Library Building Refunding:				
Annual maturities of \$49M to \$217M	Aug. 1, 2016	2.50 - 4.00	1,724,431	153,510
Special Assessment Bonds				
\$350M 1988A Water and Sewer Improvement :				
Annual maturities of \$14M	Oct. 1, 2008	7.80	42,000	14,000
\$238M 1995 Water and Sewer Improvement:				
Annual maturities of \$11M to \$13M	July 1, 2015	5.40 – 5.95	128,000	11,000
Municipal Purchase Notes				
\$1,640M 1999 Pathways Improvement :				
Annual maturities of \$100M to \$150M	Nov. 1, 2014	4.80 - 5.40	1,115,000	100,000
\$1,505M 2000 Pathways Improvement :				
Annual maturities of \$90M to \$135M	Nov. 1, 2015	4.65 - 5.25	1,110,000	90,000
\$965M 2002 Pathways Improvement :				
Annual maturities of \$55M to \$85M	Nov. 1, 2016	3.25 - 4.70	760,000	55,000
\$980M 2002 Tassell Park Improvement :				
Annual maturities of \$55M to \$85M	Nov. 1, 2016	3.25 - 4.70	770,000	55,000

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
Installment Purchase Agreements				
\$105M 2001 Vehicle Purchase:				
Annual maturity of \$20,956	Apr. 15, 2006	5.40	\$ 20,956	\$ 20,956
\$64M 2004 Vehicle Purchase:				
Annual maturities of \$15,613 to \$16,372	Nov. 1, 2008	3.49	48,508	15,613
\$27M 2004 Vehicle Purchase:				
Annual maturities of \$6,603 to \$7,077	Nov. 1, 2008	3.49	20,516	6,603
\$295M 2005 Vehicle Purchase:				
Annual maturities of \$25,882	June 1, 2015	4.20	<u>258,825</u>	<u>25,882</u>
Total Primary Government			<u>\$ 12,423,805</u>	<u>\$ 1,079,054</u>
<u>Discretely Presented Component Unit</u>				
Tax Increment Financing Authority Bonds				
\$1,300M 2000 DDA Development:				
Annual maturities of \$55M to 110M	May 1, 2020	4.75 - 5.25	<u>\$ 1,195,000</u>	<u>\$ 55,000</u>
Total Long-Term Debt			<u><u>\$13,618,805</u></u>	<u><u>\$1,134,054</u></u>

The General Obligation Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies, investment earnings and hookup charges.

The Building Authority Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and lease payments from the Township.

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements.

The Municipal Purchase Notes are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The Installment Purchase Agreements will be repaid by the Fire Special Revenue Fund of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The accumulated vacation pay liability will be liquidated by the Township's General Fund and Fire and Inspections Special Revenue Funds.

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the Primary Government are as follows:

Year Ended December 31	Principal	Interest	Total
2006	\$ 1,079,054	\$ 499,564	\$ 1,578,618
2007	1,110,882	461,310	1,572,192
2008	1,136,691	420,526	1,557,217
2009	1,078,883	376,855	1,455,738
2010	1,138,882	335,430	1,474,312
2011	1,198,883	290,000	1,488,883
2012	1,203,882	240,715	1,444,597
2013	1,263,883	190,686	1,454,569
2014	1,373,882	136,642	1,510,524
2015	753,883	78,423	832,306
2016	655,000	45,776	700,776
2017	430,000	18,000	448,000
	<u>\$ 12,423,805</u>	<u>\$ 3,093,927</u>	<u>\$ 15,517,732</u>

The annual requirements to pay principal and interest on long-term bonds outstanding for the Component Unit (Downtown Development Authority) are as follows:

Year Ended December 31	Principal	Interest	Total
2006	\$ 55,000	\$ 60,262	\$ 115,262
2007	60,000	57,650	117,650
2008	60,000	54,800	114,800
2009	65,000	51,950	116,950
2010	65,000	48,862	113,862
2011	70,000	45,776	115,776
2012	75,000	42,416	117,416
2013	80,000	38,664	118,664
2014	80,000	34,664	114,664
2015	85,000	30,586	115,586
2016	90,000	26,250	116,250
2017	95,000	21,526	116,526
2018	100,000	16,538	116,538
2019	105,000	11,288	116,288
2020	110,000	5,772	115,772
	<u>\$ 1,195,000</u>	<u>\$ 547,004</u>	<u>\$ 1,742,004</u>

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Note H – Retirement Plan

As of March 1, 2004, the Township joined the agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty and duty death allowances and post-retirement adjustments to plan members and their beneficiaries. The most recent period for which actuarial data was available was as of August 1, 2003, the initial valuation date of the plan for the Township.

MERS was organized pursuant to Section 12a of Act 156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a), as amended, State of Michigan. MERS is regulated under Act 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplemental information for the retirement system. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 Canal Road, Lansing, MI 48917-9755.

MERS members are required to contribute an amount varying from 0.0% to 5.0% depending upon which plan they fall under. Township employee contributions for 2005 were 3.29% of covered payroll. The Township is required to contribute at an actuarially determined rate; the current rates are 0.0% to 134.30% of annual covered payroll depending on the plan. Cascade Township contributed 10.0% of covered payroll in 2005. The contribution requirements of plan members and the commission are established and may be amended by MERS.

For the year ended December 31, 2005, the Township's contributions totaling \$219,176 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of August 1, 2003. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return, (b) projected salary increases of 4.50% per year plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases and (c) 4.50% per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Trend information for the Cascade Township MERS pension plan is presented as follows:

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	\$152,042	100%	—
2005	219,176	100%	—

CASCADE CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2005

Note I – Lease Agreement

The Township entered into a renewed agreement in 2005, which provides for the leasing of the Cascade Dam to a private company for the purpose of generating and selling hydroelectric power. The lease term is fourteen years (through 2018) with annual base rentals of \$60,000 plus an annual maintenance reserve fee of \$5,000, which will be collected by the Township General Fund. Twenty-five percent of this revenue (\$15,000) plus the \$5,000 maintenance reserve fee is set aside each year in the Cascade Dam Major Repair Fund. At December 31, 2005, the Cascade Dam Major Repair Fund had accumulated \$271,924.

Note J – Contingencies

The Township is a defendant in a case pending in the Michigan Court of Appeals. This case involves the appeal of a denial of a rezoning to allow a mineral extraction operation in the Township. While the complaint originally sought reversal of the Township's zoning decision, there is also a count for damages in excess of \$5 million. At trial, plaintiff only pursued the damage claim. Legal counsel is monitoring this litigation on behalf of the Township since the Township insurance carrier could refuse to pay a judgment if that judgment is based upon an unlawful taking of property by the Township.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	\$ 2,656,573	\$ 2,721,975
Receivables:		
Taxes	1,361,696	1,296,577
Accounts	7,698	17,521
Due from other funds	48,831	11,410
Due from other governmental units	169,484	188,298
Prepaid expenditures	<u>-</u>	<u>2,542</u>
Total Assets	<u><u>\$ 4,244,282</u></u>	<u><u>\$ 4,238,323</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 59,664	\$ 78,648
Deferred revenue	<u>1,361,696</u>	<u>1,296,577</u>
Total Liabilities	<u>1,421,360</u>	<u>1,375,225</u>
 Fund Balances		
Unreserved:		
Designated for capital outlay	51,019	51,019
Undesignated	<u>2,771,903</u>	<u>2,812,079</u>
Total Fund Balances	<u>2,822,922</u>	<u>2,863,098</u>
 Total Liabilities and Fund Balances	<u><u>\$ 4,244,282</u></u>	<u><u>\$ 4,238,323</u></u>

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended December 31, 2005 and 2004

	2005	2004
Taxes:		
Current property taxes	\$ 1,167,807	\$ 1,120,892
Hydrant rental assessment	35,066	34,042
Street lighting assessment	61,151	59,396
Delinquent property taxes	7,907	3,452
Industrial facilities taxes	27,006	25,523
Interest and penalties on taxes	29,414	11,116
Tax administration fees	499,011	444,217
	<u>1,827,362</u>	<u>1,698,638</u>
Licenses and permits:		
Cablevision fees	177,797	155,515
Telecommunications right-of-way	-	500
Soil erosion fees	23,980	24,163
Dog licenses	213	201
Other permits	540	140
	<u>202,530</u>	<u>180,519</u>
State sources:		
Sales taxes	1,037,555	1,042,402
PA 48/Metro Authority	50,075	54,183
Other state shared revenue	3,771	-
	<u>1,091,401</u>	<u>1,096,585</u>
Charges for services:		
Planning and zoning fees	46,865	46,734
Summer tax collection fees	24,550	23,739
P.A. 198 tax application fees	4,660	7,722
Yard waste tag fees	3,300	2,963
Sewer and water implementation fees	57,737	61,298
Grave openings	9,050	12,125
Cemetery care fees	4,170	6,480
Passport application fees	22,620	-
Sale of printed materials	534	1,251
	<u>173,486</u>	<u>162,312</u>
Interest and rentals:		
Interest on deposits and investments	158,566	62,821
Rental income	140,162	96,330
	<u>298,728</u>	<u>159,151</u>
Other revenue:		
Sale of assets	725	160
Contributions	20,200	14,675
Interfund reimbursements	55,808	53,719
Park income	3,740	4,040
Other revenue	564	31,880
Other reimbursements	56,468	-
Refunds and rebates	12,690	-
	<u>150,195</u>	<u>104,474</u>
Total Revenues	<u><u>\$ 3,743,702</u></u>	<u><u>\$ 3,401,679</u></u>

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended December 31, 2005 and 2004

	2005	2004
Current:		
General government:		
Township board:		
Salaries	\$ 18,280	\$ 17,834
Travel and expenses	544	267
Education	-	420
Dues and memberships	11,865	10,896
	<u>30,689</u>	<u>29,417</u>
Supervisor:		
Salary	5,125	5,000
Travel and expenses	25	47
	<u>5,150</u>	<u>5,047</u>
Manager:		
Salaries:		
Manager	93,466	91,009
Assistant	37,770	36,849
Telephone	337	374
Travel and expenses	2,029	3,425
Education	1,139	969
Printing and publishing	2,917	2,853
Dues and memberships	1,938	1,583
Equipment and furniture	-	98
	<u>139,596</u>	<u>137,160</u>
Elections:		
Salaries	1,019	4,933
Office supplies	4,413	1,006
Election workers	3,235	12,090
Other	273	3,099
	<u>8,940</u>	<u>21,128</u>
Assessor:		
Salaries:		
Assessor	53,719	53,409
Deputy	56,856	55,469
Assistant	-	31,433
Residential appraisor	37,296	35,715
Consultant fees	21,538	36,877
Supplies	470	679
Telephone	149	-
Travel and expenses	1,160	1,086
Education	2,015	2,163
Equipment repair and maintenance	2,065	-
Dues and memberships	1,085	910
Equipment and furniture	-	478
	<u>176,353</u>	<u>218,219</u>
Clerk:		
Salaries:		
Clerk	58,506	57,079
Assistant	39,922	40,641
Clerical	1,569	5,200
Contracted services	-	640
Telephone	361	-
Travel and expenses	837	922

(Continued)

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended December 31, 2005 and 2004

	2005	2004
Clerk: (Continued)		
Education	\$ 2,267	\$ 2,002
Dues and memberships	140	451
Equipment and furniture	-	65
	<u>103,602</u>	<u>107,000</u>
Board of review:		
Salaries	1,625	2,070
General administration:		
Salaries:		
Clerical	55,952	83,783
Additional help	1,529	2,139
Office supplies	10,758	12,645
Postage	12,217	13,350
Gypsy moth program	34,099	32,001
Legal fees	84,085	62,124
Audit fees	37,307	24,188
Engineering fees	96,118	100,647
Computer services	19,652	51,712
Consultant fees	-	3,981
Township REGIS	17,882	13,850
Travel and expenses	27	1
Education	70	40
4th of July	43,153	39,125
Senior citizens	1,345	3,344
Grant payments	13,989	10,000
Printing and publishing	4,115	5,330
Newsletter	18,624	29,162
Other	15,938	18,488
Tax refunds	6,231	6,176
Equipment and furniture	6,582	9,761
	<u>479,673</u>	<u>521,847</u>
Treasurer:		
Salaries:		
Treasurer	58,506	57,079
Assistant	28,652	33,258
Additional help	1,905	1,531
Contracted services	14,039	7,599
Travel and expenses	760	1,071
Education	2,914	1,661
Equipment repair and maintenance	1,250	-
Dues and memberships	365	400
	<u>108,391</u>	<u>102,599</u>
Buildings and grounds:		
Salaries - maintenance	208,248	213,989
Uniforms	1,123	1,770
Computer services	10,802	15,839
Contracted services	5,018	4,601
Telephone	9,513	10,395
Travel and expenses	191	215
Education	330	570
Utilities	31,196	31,521
Building maintenance	29,587	30,326

(Continued)

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended December 31, 2005 and 2004

	2005	2004
Buildings and grounds: (Continued)		
Equipment maintenance	\$ 12,075	\$ 17,053
Vehicle maintenance	19,723	12,370
Grounds maintenance	11,955	12,136
Parking lot rental	1,800	1,800
Equipment and furniture	3,636	9,471
	<u>345,197</u>	<u>362,056</u>
Cemetery:		
Salaries:		
Maintenance	-	16,111
Additional help	-	5,226
Contracted services	6,730	9,790
Telephone	32	542
Travel and expenses	-	1,438
Utilities	386	393
Grounds maintenance	20,380	4,997
	<u>27,528</u>	<u>38,497</u>
Total general government	<u>1,426,744</u>	<u>1,545,040</u>
Public safety:		
Planning:		
Salaries:		
Director	61,081	58,732
Planner	33,628	32,569
Assistant	25,965	38,936
Planning intern	2,151	-
Planning commission	5,805	6,715
Zoning board of appeals	2,655	1,530
Office supplies	126	448
Contracted services	4,204	-
Travel and expenses	637	68
Education	1,882	1,065
Printing and publishing	3,599	1,630
Dues and memberships	1,147	1,116
Miscellaneous	2,000	-
Total public safety	<u>144,880</u>	<u>142,809</u>
Public works:		
Drains:		
Engineering fees	630	12,346
Drain maintenance	17,346	23,418
	<u>17,976</u>	<u>35,764</u>
Highways, streets and bridges:		
Road maintenance	194,240	116,730
Road construction	151,551	9,834
Dust layer	2,350	1,934
	<u>348,141</u>	<u>128,498</u>
Street lighting:		
Utilities	87,527	100,804
Equipment	3,218	2,894
	<u>90,745</u>	<u>103,698</u>

(Continued)

CASCADE CHARTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended December 31, 2005 and 2004

	2005	2004
Hydrant rental:		
Hydrant rental fees	\$ 36,720	\$ 33,960
Sanitation services:		
Yard waste removal	35,793	31,362
Total public works	529,375	333,282
Recreation and cultural:		
Parks and recreation:		
Supplies	924	1,502
Telephone	401	-
Contracted services	11,838	-
Utilities	5,907	6,469
Grounds maintenance	42,140	26,767
Land improvements	121,089	22,568
Equipment and furniture	4,506	6,300
	186,805	63,606
Historical:		
Supplies	1,709	719
Total recreation and cultural	188,514	64,325
Other township:		
Social Security taxes	66,651	73,530
Health insurance	87,359	101,988
Life insurance	7,646	8,363
Dental insurance	10,401	11,260
Vision insurance	1,763	-
Retirement plan contributions	80,574	84,295
Other benefits	1,502	1,263
Cash in lieu of benefits	2,830	1,615
Insurance and bonds	43,810	40,319
GO!/GRATA Bus service	118,706	100,006
Total other township	421,242	422,639
Capital outlay:		
General administration	21,882	18,525
Building and grounds	30,742	46,301
Planning	-	1,219
Road projects	-	36,090
Park	-	180,500
Total capital outlay	52,624	282,635
Debt service:		
Principal repayment	76,903	55,000
Interest and fiscal charges	38,320	36,081
Total debt service	115,223	91,081
Total Expenditures	\$ 2,878,602	\$ 2,881,811

NONMAJOR GOVERNMENTAL FUNDS

CASCADE CHARTER TOWNSHIP
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
Assets				
Cash equivalents, deposits and investments	\$ 271,924	\$ 38,361	\$ 129	\$ 103,029
Special assessments receivable	-	-	2,327	12,690
Total Assets	<u>\$ 271,924</u>	<u>\$ 38,361</u>	<u>\$ 2,456</u>	<u>\$ 115,719</u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	\$ -	\$ -	\$ -	\$ 12,690
Fund Balances				
Reserved for:				
Debt service	-	-	2,456	103,029
Unreserved:				
Designated	271,924	-	-	-
Undesignated	-	38,361	-	-
Total Fund Balances	<u>271,924</u>	<u>38,361</u>	<u>2,456</u>	<u>103,029</u>
Total Liabilities and Fund Balances	<u>\$ 271,924</u>	<u>\$ 38,361</u>	<u>\$ 2,456</u>	<u>\$ 115,719</u>

Capital Projects Open Space Preservation	Permanent Cemetery Perpetual Care	Total
\$ 373,630	\$ 46,829	\$ 833,902
-	-	15,017
<u>\$ 373,630</u>	<u>\$ 46,829</u>	<u>\$ 848,919</u>
\$ -	\$ -	\$ 12,690
-	-	105,485
373,630	46,829	692,383
-	-	38,361
<u>373,630</u>	<u>46,829</u>	<u>836,229</u>
<u>\$ 373,630</u>	<u>\$ 46,829</u>	<u>\$ 848,919</u>

CASCADE CHARTER TOWNSHIP
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2005

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
Revenues				
Charges for services	\$ -	\$ 12,000	\$ -	\$ -
Interest and rentals	7,116	1,005	490	4,504
Other revenue	-	-	-	6,110
Total Revenues	<u>7,116</u>	<u>13,005</u>	<u>490</u>	<u>10,614</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	2,529	-	-
Debt service:				
Principal repayment	-	-	15,000	11,000
Interest and fiscal charges	-	-	4,832	7,952
Total Expenditures	<u>-</u>	<u>2,529</u>	<u>19,832</u>	<u>18,952</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,116</u>	<u>10,476</u>	<u>(19,342)</u>	<u>(8,338)</u>
Other Financing Sources				
Transfers in	<u>20,000</u>	<u>-</u>	<u>17,778</u>	<u>-</u>
Net Change in Fund Balances	<u>27,116</u>	<u>10,476</u>	<u>(1,564)</u>	<u>(8,338)</u>
Fund Balances, January 1	<u>244,808</u>	<u>27,885</u>	<u>4,020</u>	<u>111,367</u>
Fund Balances, December 31	<u><u>\$ 271,924</u></u>	<u><u>\$ 38,361</u></u>	<u><u>\$ 2,456</u></u>	<u><u>\$ 103,029</u></u>

Building Authority	Capital Projects	Permanent	Total
	Open Space Preservation	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ 12,000
-	9,369	1,282	23,766
-	45,000	-	51,110
-	54,369	1,282	86,876
-	-	1,555	1,555
-	-	-	2,529
375,000	-	-	401,000
164,187	-	-	176,971
539,187	-	1,555	582,055
(539,187)	54,369	(273)	(495,179)
539,187	45,000	5,595	627,560
-	99,369	5,322	132,381
-	274,261	41,507	703,848
\$ -	\$ 373,630	\$ 46,829	\$ 836,229

CASCADE CHARTER TOWNSHIP
Cascade Dam Major Repair Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest and rentals	\$ 5,626	\$ 7,116	\$ 1,490
Expenditures	-	-	-
Excess of Revenues Over Expenditures	5,626	7,116	1,490
Other Financing Sources			
Operating transfers in	20,000	20,000	-
Net Change in Fund Balances	25,626	27,116	1,490
Fund Balances, January 1	244,808	244,808	-
Fund Balances, December 31	<u>\$ 270,434</u>	<u>\$ 271,924</u>	<u>\$ 1,490</u>

CASCADE CHARTER TOWNSHIP
HAZMAT Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Charges for services	\$ 12,000	\$ 12,000	\$ -
Interest and rentals	575	1,005	430
Total Revenues	<u>12,575</u>	<u>13,005</u>	<u>430</u>
Expenditures			
Current:			
Public safety	15,000	2,529	12,471
Net Change in Fund Balances	(2,425)	10,476	12,901
Fund Balances, January 1	<u>27,885</u>	<u>27,885</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 25,460</u></u>	<u><u>\$ 38,361</u></u>	<u><u>\$ 12,901</u></u>

SPECIAL REVENUE FUNDS

Fire —to accumulate property tax revenues and interest earnings to maintain the Township Fire Department.

Police —to accumulate property tax revenues and interest earnings to support law enforcement in the Township.

Improvement Revolving —to accumulate collections of special assessments (hookup fees) for connection to the water and sewer system to be used for sewer and water extension projects.

Cascade Dam Major Repair —to accumulate a portion of rental fees reserved from the Cascade Dam operation to be used for major repairs or renovations to the Dam.

Library —to accumulate property tax revenues, interest earnings and contributions to be used for library operation and debt service purposes.

Pathways —to accumulate property tax revenues and interest earnings to be used for the construction, improvement, maintenance and debt service of the Township pedestrian pathways system.

Inspections —to accumulate permit fees to be used for the operation of the Township inspection department.

HAZMAT —to accumulate HAZMAT fees from other units to be used for the disposal of hazardous materials.

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	\$ 724,365	\$ 485,644
Taxes receivable	1,709,522	1,625,334
Prepaid expenditures	<u>67</u>	<u>-</u>
Total Assets	<u><u>\$ 2,433,954</u></u>	<u><u>\$ 2,110,978</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,530	\$ 55,475
Due to other funds	16,648	-
Deferred revenue	<u>1,709,522</u>	<u>1,625,334</u>
Total Liabilities	<u>1,732,700</u>	<u>1,680,809</u>
Fund Balances		
Unreserved:		
Undesignated	<u>701,254</u>	<u>430,169</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,433,954</u></u>	<u><u>\$ 2,110,978</u></u>

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Taxes:		
Current property taxes	\$ 1,580,811	\$ 848,158
Delinquent property taxes	5,523	2,169
Industrial facilities taxes	36,556	19,313
Penalties and interest on taxes	156	181
Total taxes	1,623,046	869,821
Federal sources:		
Homeland security grant	19,296	-
Fines and forfeitures:		
District court fines	3,208	-
Interest and rentals:		
Interest on investments	36,486	16,797
Other revenue:		
Sale of assets	504	5,612
Other revenue	259	844
Donations	1,600	2,945
Refunds and rebates	630	-
Total other revenue	2,993	9,401
Total Revenues	1,685,029	896,019
Expenditures		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief	66,675	63,500
Fire inspector	56,875	53,617
Fire lieutenants	112,222	159,911
Fire fighters	606,296	365,454
Overtime	62,256	30,525
Paid on call	65,041	97,909
Employee benefits:		
Social Security taxes	72,325	57,173
Health insurance	125,316	97,660
Life insurance	12,145	10,152
Dental insurance	15,137	11,663
Vision insurance	2,046	1,729
Retirement plan contributions	90,166	66,877
Workers' compensation insurance	33,957	26,382
Office supplies	984	565
Supplies	3,940	3,577
Postage	730	107
Gas and oil	14,337	7,764
Physical exams	3,463	2,399
Uniforms	9,883	7,977

(Continued)

CASCADE CHARTER TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Fire department: (Continued)		
Legal fees	\$ 1,746	\$ 75
Audit fees	9,543	6,187
Contracted services	3,123	3,776
HAZMAT	4,000	4,000
Telephone	8,512	6,757
Education	6,577	10,418
Public relations	2,450	2,872
Insurance and bonds	31,778	30,166
Utilities	7,842	4,500
Building maintenance	18,439	19,414
Equipment maintenance	8,345	5,266
Vehicle maintenance	54,007	33,305
Dues and memberships	1,122	829
Miscellaneous	3,669	292
Buildings and improvements	16,361	114,944
Equipment and furniture	115,277	63,740
Vehicles	308,777	-
Total public safety	1,955,362	1,371,482
Debt service:		
Principal repayment	19,866	18,832
Interest and fiscal charges	2,241	3,275
Total debt service	22,107	22,107
Total Expenditures	1,977,469	1,393,589
Excess (Deficiency) of Revenues Over Expenditures	(292,440)	(497,570)
Other Financing Sources (Uses)		
Loan proceeds	258,825	-
Transfers in	400,000	400,000
Transfers out	(95,300)	(92,622)
Total Other Financing Sources (Uses)	563,525	307,378
Net Change in Fund Balances	271,085	(190,192)
Fund Balances, January 1	430,169	620,361
Fund Balances, December 31	\$ 701,254	\$ 430,169

CASCADE CHARTER TOWNSHIP
Police Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,234,431	\$ 1,246,882
Taxes receivable	619,075	588,590
Due from other funds	<u>3,549</u>	<u>-</u>
Total Assets	<u><u>\$ 1,857,055</u></u>	<u><u>\$ 1,835,472</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other governmental units	\$ 44,813	\$ 75,928
Deferred revenue	<u>619,075</u>	<u>588,590</u>
Total Liabilities	<u>663,888</u>	<u>664,518</u>
 Fund balances		
Unreserved:		
Undesignated	<u>1,193,167</u>	<u>1,170,954</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,857,055</u></u>	<u><u>\$ 1,835,472</u></u>

CASCADE CHARTER TOWNSHIP
Police Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Taxes:		
Current property taxes	\$ 572,465	\$ 549,477
Delinquent property taxes	3,180	1,405
Industrial facilities taxes	13,239	12,512
Penalties and interest on taxes	83	117
Total taxes	588,967	563,511
Interest and rentals:		
Interest on investments	43,911	29,865
Total Revenues	632,878	593,376
Expenditures		
Current:		
Law enforcement:		
Kent County sheriff patrol	598,381	544,378
Office rental	12,284	14,050
COPS grant	-	2,624
Total Expenditures	610,665	561,052
Net Change in Fund Balances	22,213	32,324
Fund Balances, January 1	1,170,954	1,138,630
Fund Balances, December 31	\$ 1,193,167	\$ 1,170,954

CASCADE CHARTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	\$ 2,135,926	\$ 2,641,751
Accounts receivable	6,895	4,665
Special assessments receivable	2,635,912	2,114,297
Due from other funds	<u>4,400</u>	<u>-</u>
Total Assets	<u><u>\$ 4,783,133</u></u>	<u><u>\$ 4,760,713</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 7,560	\$ -
Deferred revenue	<u>2,635,912</u>	<u>2,114,297</u>
Total Liabilities	<u>2,643,472</u>	<u>2,114,297</u>
Fund Balances		
Unreserved:		
Designated for capital outlay	<u>2,139,661</u>	<u>2,646,416</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,783,133</u></u>	<u><u>\$ 4,760,713</u></u>

CASCADE CHARTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Interest and rentals:		
Interest on deposits and investments	\$ 75,882	\$ 43,310
Interest on special assessments	8,875	10,561
Total interest and rentals	84,757	53,871
Other revenue:		
Special assessments	77,595	86,821
Hookup fees	521,695	611,475
Miscellaneous	14,000	4,000
Total other revenue	613,290	702,296
Total Revenues	698,047	756,167
Expenditures		
Capital outlay:		
Legal fees	6,003	420
Engineering fees	161,083	29,074
Contributions - sewer rates	183,700	-
Memberships and dues	-	8,498
Miscellaneous	2,273	1,070
Aquatic harvesting	5,500	6,411
Sewer and water projects	459,217	71,617
Total capital outlay	817,776	117,090
Debt service:		
Principal repayment	270,000	250,000
Interest and fiscal charges	99,248	107,963
Total debt service	369,248	357,963
Total Expenditures	1,187,024	475,053
Excess (Deficiency) of Revenues Over Expenditures	(488,977)	281,114
Other Financing Sources (Uses)		
Transfers in	-	10,346
Transfers out	(17,778)	(16,430)
Total Other Financing Sources (Uses)	(17,778)	(6,084)
Net Change in Fund Balances	(506,755)	275,030
Fund Balances, January 1	2,646,416	2,371,386
Fund Balances, December 31	\$ 2,139,661	\$ 2,646,416

CASCADE CHARTER TOWNSHIP
Cascade Dam Major Repair Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 271,924</u>	<u>\$ 244,808</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Designated for dam major repair	<u>271,924</u>	<u>244,808</u>
Total Liabilities and Fund Balances	<u>\$ 271,924</u>	<u>\$ 244,808</u>

CASCADE CHARTER TOWNSHIP
Cascade Dam Major Repair Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest and rentals:		
Interest on deposits	<u>\$ 7,116</u>	<u>\$ 2,846</u>
Expenditures		
Current:		
Buildings and grounds:		
Dam maintenance	<u>-</u>	<u>4,579</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,116</u>	<u>(1,733)</u>
Other Financing Sources		
Transfers in	<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balances	<u>27,116</u>	<u>18,267</u>
Fund Balances, January 1	<u>244,808</u>	<u>226,541</u>
Fund Balances, December 31	<u><u>\$ 271,924</u></u>	<u><u>\$ 244,808</u></u>

CASCADE CHARTER TOWNSHIP
Library Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,273,878	\$ 2,439,732
Taxes receivable	504,560	479,712
Due from other funds	<u>2,893</u>	<u>-</u>
Total Assets	<u><u>\$ 1,781,331</u></u>	<u><u>\$ 2,919,444</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 770	\$ 38,868
Deferred revenue	<u>504,560</u>	<u>479,712</u>
Total Liabilities	<u>505,330</u>	<u>518,580</u>
 Fund Balances		
Unreserved:		
Designated for capital outlay	400,000	400,000
Undesignated	<u>876,001</u>	<u>2,000,864</u>
Total Fund Balances	<u>1,276,001</u>	<u>2,400,864</u>
 Total Liabilities and Fund Balances	<u><u>\$ 1,781,331</u></u>	<u><u>\$ 2,919,444</u></u>

CASCADE CHARTER TOWNSHIP
Library Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Taxes:		
Current property taxes	\$ 466,571	\$ 447,842
Delinquent property taxes	2,592	1,145
Industrial facilities taxes	10,790	10,198
Penalties and interest on taxes	68	95
Total taxes	<u>480,021</u>	<u>459,280</u>
Intergovernmental sources:		
Contributions	20,300	20,300
Interest and rentals:		
Interest on deposits and investments	<u>61,697</u>	<u>46,147</u>
Total Revenues	<u>562,018</u>	<u>525,727</u>
Expenditures		
Current:		
Recreation and cultural:		
Library:		
Supplies	3,221	2,285
Operational expenses	65	145
Professional services	-	49,022
Architect fees	-	16,198
Contracted services	21,274	23,208
Telephone	432	288
Insurance and bonds	21,847	20,740
Utilities	36,349	31,025
Building maintenance	44,307	40,904
Miscellaneous	1,474	1,342
Operational reimbursement	28,808	27,700
Furniture and equipment	<u>6,898</u>	<u>5,387</u>
Total Expenditures	<u>164,675</u>	<u>218,244</u>
Excess of Revenues Over Expenditures	<u>397,343</u>	<u>307,483</u>
Other Financing Sources (Uses)		
Transfers out	<u>(1,522,206)</u>	<u>(202,553)</u>
Net Change in Fund Balances	<u>(1,124,863)</u>	<u>104,930</u>
Fund Balances, January 1	<u>2,400,864</u>	<u>2,295,934</u>
Fund Balances, December 31	<u><u>\$ 1,276,001</u></u>	<u><u>\$ 2,400,864</u></u>

CASCADE CHARTER TOWNSHIP
Pathways Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	\$ 725,483	\$ 186,508
Taxes receivable	517,946	492,440
Due from other funds	<u>2,969</u>	<u>-</u>
Total Assets	<u><u>\$ 1,246,398</u></u>	<u><u>\$ 678,948</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 5,021
Due to other governmental units	6,589	49,538
Deferred revenue	<u>517,946</u>	<u>492,440</u>
Total Liabilities	<u>524,535</u>	<u>546,999</u>
Fund Balances		
Unreserved:		
Undesignated	<u>721,863</u>	<u>131,949</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,246,398</u></u>	<u><u>\$ 678,948</u></u>

CASCADE CHARTER TOWNSHIP
Pathways Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Taxes:		
Current taxes	\$ 478,949	\$ 459,727
Delinquent taxes	2,660	1,176
Industrial facilities taxes	11,077	10,468
Penalties and interest on taxes	69	98
Total taxes	492,755	471,469
Interest and rentals:		
Interest on investments	24,075	9,448
Other revenue:		
Sale of assets	-	270,693
Contributions	-	12,000
Total other revenue	-	282,693
Total Revenues	516,830	763,610
Expenditures		
Current:		
Recreation and cultural:		
Parks and recreation:		
Engineering fees	662	27,539
Utilities	-	1,098
Grounds maintenance	7,821	32,086
Miscellaneous	224	14,808
Pathways construction	22,534	538,748
Bond issuance costs	10,090	-
Total parks and recreation	41,331	614,279
Debt service:		
Principal repayment	235,000	225,000
Interest and fiscal charges	210,585	204,502
Total debt service	445,585	429,502
Total Expenditures	486,916	1,043,781
Excess (Deficiency) of Revenues Over Expenditures	29,914	(280,171)
Other Financing Sources		
Bond proceeds	560,000	-
Net Change in Fund Balances	589,914	(280,171)
Fund Balances, January 1	131,949	412,120
Fund Balances, December 31	\$ 721,863	\$ 131,949

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 491,313</u>	<u>\$ 382,773</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,783	\$ 2,784
Due to other funds	4,500	-
Due to other governmental units	<u>6,365</u>	<u>7,311</u>
Total Liabilities	<u>12,648</u>	<u>10,095</u>
Fund Balances		
Unreserved:		
Undesignated	<u>478,665</u>	<u>372,678</u>
Total Liabilities and Fund Balances	<u>\$ 491,313</u>	<u>\$ 382,773</u>

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Licenses and permits:		
Building permits	\$ 161,009	\$ 217,768
Electrical permits	69,291	75,370
Mechanical permits	67,920	75,824
Plumbing permits	40,920	49,307
Permits - other townships	632,256	577,828
Plan reviews	45,171	61,662
Contractor registration fees	8,510	11,052
Total licenses and permits	1,025,077	1,068,811
Charges for services:		
Sale of printed materials	-	909
Interest and rentals:		
Interest on investments	10,729	2,010
Other revenue:		
Miscellaneous	1,106	856
Total Revenues	1,036,912	1,072,586
Expenditures		
Current:		
Public safety:		
Inspections:		
Salaries:		
Director	73,384	71,594
Inspectors	357,554	348,832
Clerical	53,421	45,260
Employee benefits:		
Social Security	36,112	35,005
Health insurance	82,603	72,350
Life insurance	5,193	4,744
Dental insurance	8,587	7,384
Vision insurance	1,253	-
Retirement plan contributions	48,436	45,362
Workers' compensation insurance	6,988	5,429
Inspections - other townships	121,138	112,341
Office supplies	6,579	10,407
Postage	1,230	107
Uniforms	2,356	2,258
Audit fees	771	500
Contracted services	17,373	27,590
Telephone	6,712	7,696
Travel and expenses	37,022	32,971
Education	2,269	2,453
Insurance	15,988	15,177
Equipment maintenance	9,228	7,826
Vehicle maintenance	3,262	3,346

(Continued)

CASCADE CHARTER TOWNSHIP
Inspections Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Inspections: (Continued)		
Other expenses	\$ 3,230	\$ 5,765
Facilities use	11,103	10,112
Dues and memberships	1,090	1,260
Refunds	1,017	3,674
Furniture and equipment	<u>17,026</u>	<u>29,716</u>
Total Expenditures	<u>930,925</u>	<u>909,159</u>
Net Change in Fund Balances	105,987	163,427
Fund Balances, January 1	<u>372,678</u>	<u>209,251</u>
Fund Balances, December 31	<u><u>\$ 478,665</u></u>	<u><u>\$ 372,678</u></u>

**CASCADE CHARTER TOWNSHIP
HAZMAT Special Revenue Fund
Comparative Balance Sheet
December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 38,361</u>	<u>\$ 27,885</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>38,361</u>	<u>27,885</u>
 Total Liabilities and Fund Balances	<u><u>\$ 38,361</u></u>	<u><u>\$ 27,885</u></u>

CASCADE CHARTER TOWNSHIP
HAZMAT Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Charges for services:		
HAZMAT fees	\$ 12,000	\$ 12,000
Interest and rentals:		
Interest on investments	<u>1,005</u>	<u>699</u>
Total Revenues	<u>13,005</u>	<u>12,699</u>
Expenditures		
Current:		
Public safety:		
HAZMAT:		
Supplies	524	-
Telephone	489	1,466
Training	906	-
Equipment repair	120	-
Furniture and equipment	<u>490</u>	<u>38,464</u>
Total Expenditures	<u>2,529</u>	<u>39,930</u>
Net Change in Fund Balances	10,476	(27,231)
Fund Balances, January 1	<u>27,885</u>	<u>55,116</u>
Fund Balances, December 31	<u><u>\$ 38,361</u></u>	<u><u>\$ 27,885</u></u>

DEBT SERVICE FUNDS

To account for the payment of bonds sold to finance water and sewer construction projects and other Township improvements. Financing is provided by collections of charges imposed for connections, interest earnings and debt service transfers from Township funds.

CASCADE CHARTER TOWNSHIP
Debt Service Funds
Combining Balance Sheet
December 31, 2005
With comparative totals for December 31, 2004

	<u>1988 - A</u>	<u>1995 - A</u>	<u>Building Authority</u>
Assets			
Cash equivalents, deposits and investments	\$ 129	\$ 103,029	\$ -
Special assessments receivable	<u>2,327</u>	<u>12,690</u>	<u>-</u>
Total Assets	<u><u>\$ 2,456</u></u>	<u><u>\$ 115,719</u></u>	<u><u>\$ -</u></u>
 Liabilities and Fund Balances			
Liabilities			
Deferred revenue	<u>\$ -</u>	<u>\$ 12,690</u>	<u>\$ -</u>
Fund Balances			
Reserved for debt service	<u>2,456</u>	<u>103,029</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,456</u></u>	<u><u>\$ 115,719</u></u>	<u><u>\$ -</u></u>

Totals	
2005	2004
\$ 103,158	\$ 112,274
15,017	21,913
<u>\$ 118,175</u>	<u>\$ 134,187</u>
<u>\$ 12,690</u>	<u>\$ 18,800</u>
<u>105,485</u>	<u>115,387</u>
<u>\$ 118,175</u>	<u>\$ 134,187</u>

CASCADE CHARTER TOWNSHIP
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2005
With comparative totals for the year ended December 31, 2004

	1988 - A	1995 - A	Building Authority
Revenues			
Interest and rentals:			
Interest on investments	\$ 187	\$ 3,249	\$ -
Interest on special assessments	303	1,255	-
Total interest and rentals	<u>490</u>	<u>4,504</u>	<u>-</u>
Other revenue:			
Special assessments	<u>-</u>	<u>6,110</u>	<u>-</u>
Total Revenues	<u>490</u>	<u>10,614</u>	<u>-</u>
Expenditures			
Debt service:			
Principal repayment	15,000	11,000	375,000
Interest and fiscal charges	<u>4,832</u>	<u>7,952</u>	<u>164,187</u>
Total Expenditures	<u>19,832</u>	<u>18,952</u>	<u>539,187</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,342)</u>	<u>(8,338)</u>	<u>(539,187)</u>
Other Financing Sources (Uses)			
Transfers in	17,778	-	539,187
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>17,778</u>	<u>-</u>	<u>539,187</u>
Net Change in Fund Balances	(1,564)	(8,338)	
Fund Balances, January 1	<u>4,020</u>	<u>111,367</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 2,456</u></u>	<u><u>\$ 103,029</u></u>	<u><u>\$ -</u></u>

Totals	
2005	2004
\$ 3,436	\$ 2,292
1,558	1,819
<u>4,994</u>	<u>4,111</u>
6,110	2,282
<u>11,104</u>	<u>6,393</u>
401,000	376,000
176,971	190,246
<u>577,971</u>	<u>566,246</u>
<u>(566,867)</u>	<u>(559,853)</u>
556,965	541,928
-	(10,346)
<u>556,965</u>	<u>531,582</u>
(9,902)	(28,271)
<u>115,387</u>	<u>143,658</u>
<u>\$ 105,485</u>	<u>\$ 115,387</u>

CAPITAL PROJECTS FUNDS

Open Space Preservation - to account for private and General Fund contributions for use in open space preservation.

Library Construction - to account for private and General Fund contributions for use in the construction of additions to the Library Learning Center.

CASCADE CHARTER TOWNSHIP
Open Space Preservation Capital Projects Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 373,630</u>	<u>\$ 274,261</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Designated for capital outlay	<u>373,630</u>	<u>274,261</u>
Total Liabilities and Fund Balances	<u>\$ 373,630</u>	<u>\$ 274,261</u>

CASCADE CHARTER TOWNSHIP
Open Space Preservation Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest and rentals:		
Interest on investments	\$ 9,369	\$ 4,194
Other revenue:		
Contributions	<u>45,000</u>	<u>45,000</u>
Total Revenues	<u>54,369</u>	<u>49,194</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	54,369	49,194
Other Financing Sources		
Transfers in	<u>45,000</u>	<u>135,000</u>
Net Change in Fund Balances	99,369	184,194
Fund Balances, January 1	<u>274,261</u>	<u>90,067</u>
Fund Balances, December 31	<u><u>\$ 373,630</u></u>	<u><u>\$ 274,261</u></u>

CASCADE CHARTER TOWNSHIP
Library Construction Capital Projects Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 439,969</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ 274,186</u>	<u>\$ -</u>
Fund Balances		
Reserved:		
Capital outlay	<u>165,783</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 439,969</u>	<u>\$ -</u>

CASCADE CHARTER TOWNSHIP
Library Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	2005	2004
Revenues		
Interest and rentals:		
Interest on investments	\$ 15,196	\$ -
Other revenue:		
Contributions	254,785	-
Total Revenues	269,981	-
Expenditures		
Capital outlay:		
Professional services	178,030	-
Miscellaneous	10,639	-
Buildings and improvements	1,355,614	-
New equipment and furniture	72,915	-
Total Expenditures	1,617,198	-
Excess (Deficiency) of Revenues Over Expenditures	(1,347,217)	-
Other Financing Sources		
Transfers in	1,513,000	-
Net Change in Fund Balances	165,783	-
Fund Balances, January 1	-	-
Fund Balances, December 31	\$ 165,783	\$ -

PERMANENT FUND

Cemetery Perpetual Care—to accumulate cemetery revenues and interest earnings to be used for cemetery improvements.

CASCADE CHARTER TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 46,829</u>	<u>\$ 41,507</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances		
Unreserved:		
Designated for cemetery improvements	<u>46,829</u>	<u>41,507</u>
Total Liabilities and Fund Balances	<u>\$ 46,829</u>	<u>\$ 41,507</u>

CASCADE CHARTER TOWNSHIP
Cemetery Perpetual Care Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest and rentals:		
Interest on investments	<u>\$ 1,282</u>	<u>\$ 607</u>
Expenditures		
Current:		
Cemetery:		
Engineering fees	<u>1,555</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(273)</u>	<u>607</u>
Other Financing Sources		
Transfers in	<u>5,595</u>	<u>8,605</u>
Net Change in Fund Balances	<u>5,322</u>	<u>9,212</u>
Fund Balances, January 1	<u>41,507</u>	<u>32,295</u>
Fund Balances, December 31	<u><u>\$ 46,829</u></u>	<u><u>\$ 41,507</u></u>

AGENCY FUNDS

Trust Account Agency—to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

Tax Account Agency—to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

CASCADE CHARTER TOWNSHIP
Agency Funds
Combining Balance Sheet
December 31, 2005
With comparative totals for December 31, 2004

	Trust Account	Tax Account	Totals	
			2005	2004
Assets				
Cash equivalents, deposits and investments	<u>\$ 238,104</u>	<u>\$ 6,289,182</u>	<u>\$ 6,527,286</u>	<u>\$ 6,058,749</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ 41,494	\$ 41,494	\$ 11,410
Due to other governmental units	-	6,247,688	6,247,688	5,763,604
Escrow deposits	<u>238,104</u>	<u>-</u>	<u>238,104</u>	<u>283,735</u>
Total Liabilities	<u>238,104</u>	<u>6,289,182</u>	<u>6,527,286</u>	<u>6,058,749</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 238,104</u>	<u>\$ 6,289,182</u>	<u>\$ 6,527,286</u>	<u>\$ 6,058,749</u>

CASCADE CHARTER TOWNSHIP
All Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the year ended December 31, 2005

	Balances January 1, 2005	Additions	Deductions	Balances December 31, 2005
Trust Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 225,580	\$ 82,198	\$ 127,829	\$ 238,104
Liabilities				
Escrow deposits	\$ 283,735	\$ 82,198	\$ 127,829	\$ 238,104
Tax Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 5,775,014	\$ 51,350,647	\$ 50,836,479	\$ 6,289,182
Liabilities				
Accounts payable	\$ -	\$ 117,213	\$ 117,213	\$ -
Due to other funds	11,410	5,622,015	5,591,931	41,494
Due to other governmental units	5,763,604	44,742,162	44,258,078	6,247,688
Total Liabilities	\$ 5,775,014	\$ 50,481,390	\$ 49,967,222	\$ 6,289,182
Totals - All Agency Funds				
Assets				
Cash equivalents, deposits and investments	\$ 6,058,749	\$ 51,432,845	\$ 50,964,308	\$ 6,527,286
Liabilities				
Accounts payable	\$ -	\$ 117,213	\$ 117,213	\$ -
Due to other funds	11,410	5,622,015	5,591,931	41,494
Due to other governmental units	5,763,604	44,742,162	44,258,078	6,247,688
Escrow deposits	283,735	82,198	127,829	238,104
Total Liabilities	\$ 6,058,749	\$ 50,563,588	\$ 50,095,051	\$ 6,527,286

OTHER INFORMATION

CASCADE CHARTER TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended December 31, 2005

	Taxable Valuation	Rate (Mills)	Taxes Levied	Returned Delinquent	Current * Collections
Ad Valorem Taxes					
Kent County					
Operating	\$1,246,196,068	5.3140	\$ 6,419,417	\$ 270,450	\$ 6,148,967
Drains	11,599,281		29,841	2,013	27,828
			<u>6,449,258</u>	<u>272,463</u>	<u>6,176,795</u>
Kent District Library	1,246,196,068	0.8800	1,063,042	44,786	1,018,256
State Education Tax					
Caledonia Community Schools	159,088,335	6.0000	954,528	28,602	925,926
Forest Hills Public Schools	1,063,399,765	6.0000	6,380,383	105,195	6,275,188
Lowell Area Schools	23,707,968	6.0000	142,247	5,936	136,311
			<u>7,477,158</u>	<u>139,733</u>	<u>7,337,425</u>
School Districts					
Kent Intermediate School District	1,246,196,068	4.5333	5,649,340	105,284	5,544,056
Grand Rapids Community College	1,246,196,068	1.7865	2,158,128	41,490	2,116,638
Caledonia Community Schools:					
Other	159,088,335	7.0000	1,113,615	40,233	1,073,382
Operating	129,655,453	18.0000	2,333,797	89,271	2,244,526
Forest Hills Public Schools:					
Other	1,063,399,765	7.6000	8,081,732	229,690	7,852,042
Operating	373,709,305	17.9424	6,705,223	201,284	6,503,939
Lowell Area Schools:					
Other	23,707,968	7.0000	165,953	7,628	158,325
Operating	5,723,457	17.5544	100,471	3,247	97,224
Total School Districts			<u>26,308,259</u>	<u>718,127</u>	<u>25,590,132</u>
Cascade Charter Township	1,246,196,068				
Operating		0.9716	1,173,694	49,448	1,124,246
Fire		1.3152	1,588,777	66,935	1,521,842
Police		0.4763	575,351	24,239	551,112
Library		0.3882	468,922	19,755	449,167
Pathways		0.3985	481,364	20,280	461,084
Street lighting assessments			60,810	2,521	58,289
Hydrant assessments			35,066	1,266	33,800
Delinquent special assessments			12,567	7,115	5,452
Tax administration fees			<u>461,133</u>	<u>13,588</u>	<u>447,545</u>
Total Township			<u>4,857,684</u>	<u>205,147</u>	<u>4,652,537</u>
Total Ad Valorem Taxes			<u>\$ 46,155,401</u>	<u>\$1,380,256</u>	<u>\$ 44,775,145</u>

(Continued)

CASCADE CHARTER TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended December 31, 2005

Tax Abatements	Taxable Valuation	Rate (Mills)	Taxes Levied	Returned Delinquent	Current * Collections
Industrial Facilities (P.A. 198) New					
Kent County	\$ 55,591,798	2.65700	\$ 147,706	\$ -	\$ 147,706
Kent District Library	55,591,798	0.44000	24,460	-	24,460
State education tax:					
Caledonia Community Schools	23,990,748	6.00000	143,944	-	143,944
Forest Hills Public Schools	17,178,450	6.00000	103,071	-	103,071
Kent Intermediate School District	55,591,798	2.26665	126,004	-	126,004
Grand Rapids Community College	55,591,798	0.89325	49,654	-	49,654
Caledonia Community Schools:					
Operating	31,595,751	3.50000	110,585	-	110,585
Other	31,595,751	9.00000	328,678	-	328,678
Forest Hills Public Schools:					
Operating	23,996,047	3.80000	91,183	-	91,183
Other	23,996,047	8.97120	231,284	-	231,284
Cascade Charter Township:	55,591,798				
Operating		0.48580	27,006	-	27,006
Fire		0.65760	36,557	-	36,557
Police		0.23815	13,239	-	13,239
Library		0.19410	10,790	-	10,790
Pathways		0.19925	11,076	-	11,076
Tax administration fees			14,552	-	14,552
Total Industrial Facilities (P.A. 198) New			\$ 1,469,789	\$ -	\$ 1,469,789

* Current collections include ad valorem and abated taxes collected for and distributed to the Cascade Charter Township Downtown Development Authority. The following amounts were withheld from the various taxing units and remitted to the DDA:

Kent County	\$ 202,748
Kent District Library	33,575
Grand Rapids Community College	68,161
Cascade Charter Township:	
Operating	37,070
Fire	50,180
Police	18,173
Library	14,811
Pathways	15,204
Total DDA capture	\$ 439,922

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

March 22, 2006

The Township Board
Cascade Charter Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Cascade Charter Township as of and for the year ended December 31, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected misstatements (passed audit adjustments).

The communications specified by the Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of the Cascade Charter Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cascade Charter Township are described in Note A of the Notes to Basic Financial Statements.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in auditing the records of the Township for the year ended December 31, 2005. Township accounting personnel in both the Clerk's and Treasurer's departments are maintaining a timely, accurate and efficient record keeping system.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements. The adjustments required were those typically made in prior years as a part of the audit process. These adjustments have been entered into the Township's computer accounting system by Township accounting personnel to bring Township records into agreement with audited balances.

General Fund

1. \$1,361,696 to record taxes receivable and deferred revenue from the 2005 Township winter tax roll at year end.
2. \$41,494 to record interest earned in the Tax Account in 2005 due to the General Fund at year end.
3. \$17,026 to record additional accounts payable at year end.

Fire Fund

1. \$1,709,522 to record taxes receivable and deferred revenue from the 2005 Township winter tax roll at year end.
2. \$16,648 to correct the inter-fund allocation of DDA property taxes withheld from the 2004 tax roll.

Police Fund

1. \$619,075 to record taxes receivable and deferred revenue from the 2005 Township winter tax roll at year end.

Library Fund

1. \$504,560 to record taxes receivable and deferred revenue from the 2005 Township winter tax roll at year end.

DDA Fund

1. \$406,878 to record taxes receivable and deferred revenue from the 2005 Township winter tax roll at year end.
2. \$71.845 to record additional accounts payable at year end.

Pathways Fund

1. \$517,946 to record taxes receivable and deferred revenue from the 2005 Township winter tax roll at year end.

There were no adjustments proposed during the audit not recorded by Cascade Charter Township.

Suggestions And Recommendations

We offered suggestions and recommendations regarding the day-to-day operations of the Township computer and accounting systems to the Manager, Clerk, Treasurer, and accounting personnel of the Township as the topics arose during the course of our audit field work. Hopefully, these suggestions will improve the operations of the Township and assist in more efficient monthly and year end financial record keeping and reporting.

* * * * *

This communication is intended solely for the information and use of the Cascade Charter Township Board of Trustees, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to the Cascade Charter Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the Township Manager, Clerk, Treasurer and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants